S 7505-1

Tennessee Annual Report 1982

LAMAR ALEXANDER, Governor

DEPARTMENT OF AUDIT
WILLIAM R. SNODGRASS, Comptroller of the Treasury
Division of State Audit
FRANK L. GREATHOUSE,
Director

DEPARTMENT OF FINANCE AND ADMINISTRATION
WILLIAM B. SANSOM, Commissioner
Division of Accounts
ROBERT L. BUCKHAM, Assistant Commissioner
for Accounting

Authorization No. 175; 1000 copies.

STATE OF TENNESSEE
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 1982

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Introduction

STATE OF TENNESSEE

DEPARTMENT OF FINANCE AND ADMINISTRATION

STATE CAPITOL, NASHVILLE, TENNESSEE 37219

WILLIAM B. SANSOM, Commissioner

October 29, 1982

The Honorable Lamar Alexander
Governor of the State of Tennessee

In accordance with Section 4-4-114, Tennessee Code Annotated, it is my pleasure to transmit to you the Annual Report of the State of Tennessee for the year ended June 30, 1982. We are proud of this report which represents continued progress toward reporting in complete conformity with the stringent standards established by the National Council on Governmental Accounting and the Municipal Finance Officers Association. The accompanying financial statements are prepared in accordance with generally accepted accounting principles, and we believe they present Tennessee's financial picture clearly and understandably. This report includes all fund types and account groups of the state.

During the year Tennessee's economy continued to be affected by the tightening grip of the national recession. A lower rate of growth in revenues together with continuing inflationary pressures required that we promptly curtail state spending in order to preserve fund balances. This action, together with improved revenue collections in the latter months of the year, enabled us to complete fiscal 1982 in a more favorable position than had been anticipated. Accordingly, we were able to restore the revenue reserve from $22.5 million to the $31 million level of 1980. In these times of downturns and shortfalls, the willingness and ability of a state to respond to and deal with economic adversity is the true test of its financial strength. Once again, Tennessee has met this test.

Management's Responsibilities for Financial Reporting

The financial statements of the State of Tennessee have been prepared by management responsible for their integrity and objectivity. These statements are based on generally accepted accounting principles considered by management to present fairly and consistently the state's financial position and results of operations. These statements necessarily include some amounts which are based on management's best estimates and judgments.

The state's system of internal accounting controls is designed to provide reasonable assurance as to the protection of assets against loss from unauthorized use or disposition, and the reliability of financial records for preparing financial statements and maintaining accountability for assets.

The financial statements have been examined by the Division of State Audit, Office of the Comptroller of the Treasury. Their examination was conducted in accordance with generally accepted auditing standards, and their opinion appears elsewhere herein.

General Governmental Functions

Revenues for general governmental functions totaled $3.6 billion in 1982, an increase of only 2% over 1981. Taxes represented 60% of general revenues compared to 56% last year. The amount of revenues from various sources and the changes from last year are shown below (expressed in thousands).

Revenue Source	Amount	Percent of Total	Increase (Decrease) from 1981
Taxes	$ 2,152,616	60.1%	$ 196,585
Licenses, fees and permits	45,283	1.3	4,924
Interest on investments	84,269	2.3	5,408
Federal	1,090,474	30.4	(169,080)
Departmental services	196,198	5.5	13,979
Other	13,234	.4	5,417
	$ 3,582,074	100.0%	$ 57,233

Revenue highlights in 1982 were few as national economic conditions moderated the rate of growth from that experienced in the seventies. A strong fourth quarter helped push sales tax collections to a 7% increase over 1981 levels. Gasoline and related taxes, buoyed by tax increases, rose $50 million to $270 million. The significant decline in federal funds, however, (principally CETA and education programs) tempered these gains.

Expenditures for general governmental purposes totaled $3.7 billion in 1982, a slight decrease from the previous year. Changes in expenditures by function from 1981 levels are presented in the following tabulation (expressed in thousands).

Function	Amount	Percent of Total	Increase (Decrease) from 1981
General government	$ 153,618	4.1%	$ (25,566)
Education	1,323,960	35.8	40,313
Health and social services	1,380,532	37.3	(3,798)
Law, justice and public safety	176,964	4.8	14,249
Recreation and resources development	71,031	1.9	2,665
Regulation of business and professions	15,330	.4	1,085
Transportation	429,587	11.6	(18,263)
Debt service	85,487	2.3	4,713
Capital outlay	67,019	1.8	(23,959)
	$ 3,703,528	100.0%	$ (8,561)

The 1982 decrease in expenditures, a first in modern times, resulted from several factors - primarily the lower expenditures required due to reductions in various federal programs together with management-directed curbs on spending. Functionally, the largest decreases occurred in the areas of general government and capital outlay. Federal program reductions and the discontinuance of a special appropriation to local governments for street and road improvements led to the general government decrease. Capital outlay expenditures declined as the comprehensive vocational-technical education construction program drew to a close. Expenses of the correctional system, fueled by rising crime rates, caused the increase in the law, justice and public safety function.

Despite an overall decrease of some $128 million, the ending fund balances for all governmental fund types ($387 million) were maintained at adequate levels. Of this total, unreserved fund balances aggregated $38.7 million as compared to $38.9 million in 1981.

Debt Administration

Tennessee continues to receive excellent bond ratings from both Moody's Investors Service (Aaa) and Standard and Poor's Corporation (AA+), reflecting our long-standing record of sound financial management. No general obligation bonds were issued during the fiscal year. As a result, general long-term debt declined from $590 million at June 30, 1981 to $539 million at June 30, 1982. In December 1981, however, the state sold $146.3 million of general obligation bond anticipation notes due within one year. Subsequently, in October 1982, general obligation bonds amounting to $100 million were sold at a favorable average interest rate of 8.3703%. Some $75.5 million of these bond proceeds will be used to retire a like amount of the aforementioned bond anticipation notes when due. The following table presents general obligation bonds issued during the past five fiscal years.

Date of Issue	Amount (Millions)	Average Interest Rate
October 1, 1977	$107.4	4.667%
August 1, 1980	71.4	7.017

The ratio of net general long-term debt to assessed valuation and the amount of net debt per capita and per family are useful to citizens, investors and management as indicators of the state's debt position. At June 30, 1982 these data were as follows:

	Amount	Ratio of Debt to Assessed Value	Debt per Capita	Debt per Family
Net General Long-Term Debt	$536,634,000	2.98%	$ 113.91	$410.08

Cash Management

In recent years the State Treasurer has pursued an aggressive cash management and investment program. One aspect of this which we believe is unique to Tennessee is our direct access into the Federal Reserve Wire System. Through the State Trust of Tennessee, all wire services in the federal system are available via a terminal located in the state's investment offices. This provides the state with unprecedented flexibility in investing and concentrating cash balances and pension fund assets. For the year ended June 30, 1982 over $9.5 billion in transactions were moved over the wire system.

Pension Plan

Total assets of the state's pension trust fund reached $2.5 billion at June 30, 1982. The latest actuarial valuation of the plan, prepared as of June 30, 1981, indicates that the actuarially computed value of vested benefits exceeded net assets of the fund by $776 million. The actuarial report also notes that progress in funding continues to be made, the funding ratio for the entire system increasing to 71.1% at June 30, 1981.

General Fixed Assets

The general fixed assets of the state are those fixed assets used in the performance of general governmental functions. They exclude the fixed assets of the Enterprise, Internal Service and College and University Funds. As of June 30, 1982 the state's general fixed assets amounted to $880 million. Since historical cost records for those items acquired or constructed prior to July 1, 1978 (some $494 million) are incomplete or not available, the best estimates of historical costs have been used for their valuation. The state expects to complete the development of appropriate accounting records for all general fixed assets in 1983.

Certificate of Conformance

The Municipal Finance Officers Association of the United States and Canada awarded a Certificate of Conformance in Financial Reporting to the State of Tennessee for its June 30, 1981 Annual Financial Report. The report was judged to substantially conform to the high standards for financial reporting as promulgated by that Association and the National Council on Governmental Accounting. The Certificate of Conformance is valid for a period of one year only. I believe our current report continues to meet these standards, and it will be submitted for Certificate of Conformance Review. Currently Tennessee and Maryland are the only states to hold the Certificate of Conformance in Financial Reporting.

Future Propects

Although forecasts of a national economic upturn vary, Tennessee is advantageously poised on the leading edge of the expected recovery. We continue to be an attractive location for both domestic and foreign companies with our favorable business and tax environments. We continue to demonstrate progressive and responsible fiscal management, providing necessary government services for our citizens from the lowest per capita state tax burden of any southeastern state. We continue in our leadership role in accounting and financial reporting excellence.

Respectfully submitted,

William B. Sansom

William B. Sansom, Commissioner
Department of Finance and Administration

dh

STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY

William R. Snodgrass
Comptroller

STATE CAPITOL
NASHVILLE, TENNESSEE 37219
PHONE (615) 741-2501

October 29, 1982

To the Members of the General Assembly
of the State of Tennessee
and
Honorable Lamar Alexander, Governor
State of Tennessee

Ladies and Gentlemen:

In accordance with Section 4-3-304, Tennessee Code Annotated, transmitted herewith is the accountants' report on the Annual Financial Report of the State of Tennessee for the fiscal year ended June 30, 1982.

Respectfully,

W. R. Snodgrass
Comptroller of the Treasury

WRS/dh

Certificate of Conformance in Financial Reporting

Presented to

State of Tennessee

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 1981

A Certificate of Conformance in Financial Reporting is presented by the Municipal Finance Officers Association of the United States and Canada to governmental units and public employee retirement systems whose comprehensive annual financial reports (CAFR's) are judged to substantially conform to program standards.

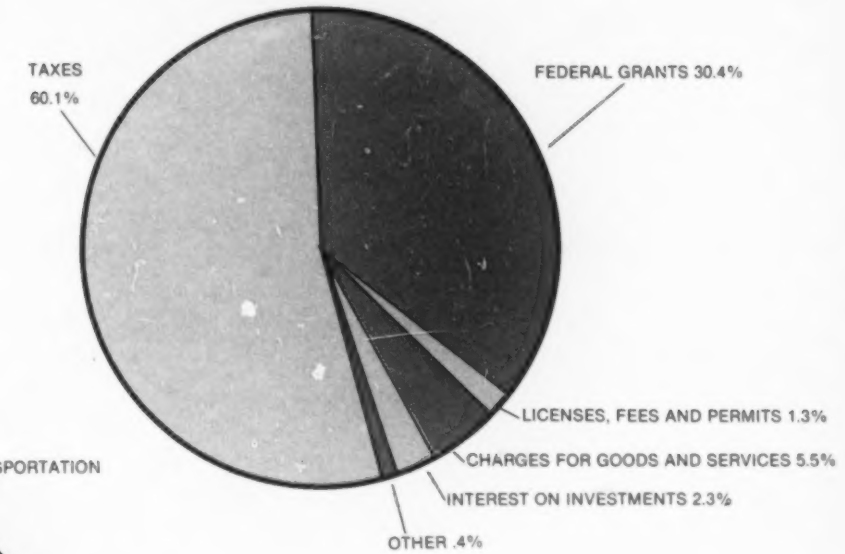
Jim C. Kirkland
President

Dennis O'Donnell
Executive Director

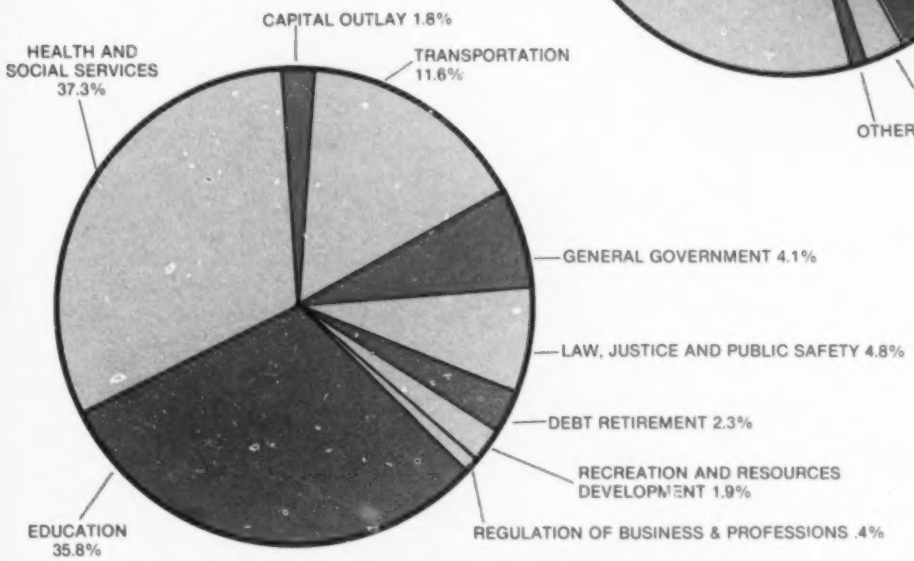
The State of Tennessee was awarded the Certificate of Conformance by the Municipal Finance Officers Association of the United States and Canada for its Annual Financial Report for the year ended June 30, 1981. Tennessee and Maryland are the only states to currently hold a valid Certificate of Conformance.

STATE OF TENNESSEE
GRAPHIC PRESENTATION OF REVENUES AND EXPENDITURES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 1982

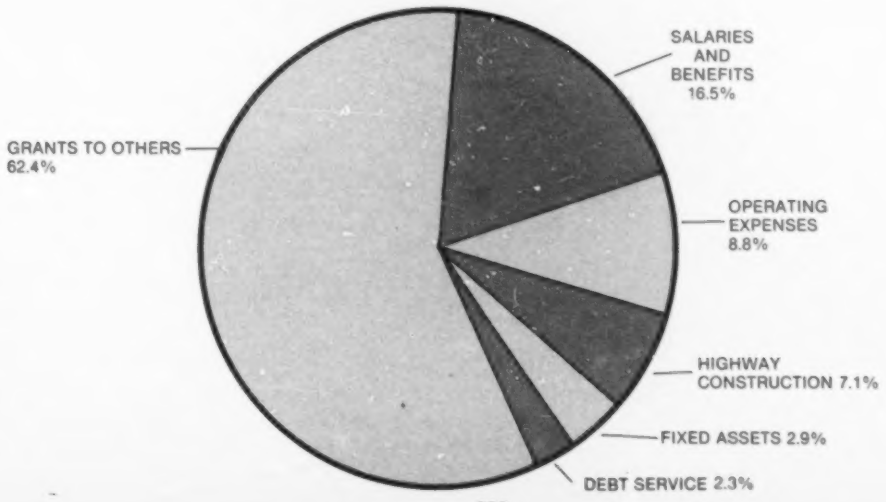
REVENUES BY SOURCE



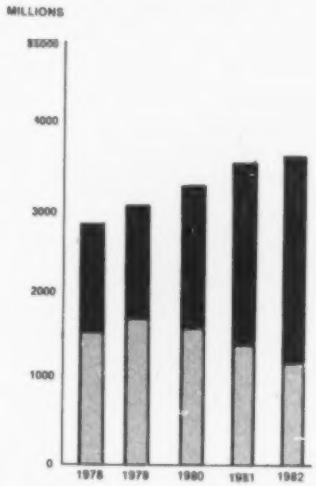
EXPENDITURES BY FUNCTION



EXPENDITURES BY OBJECT

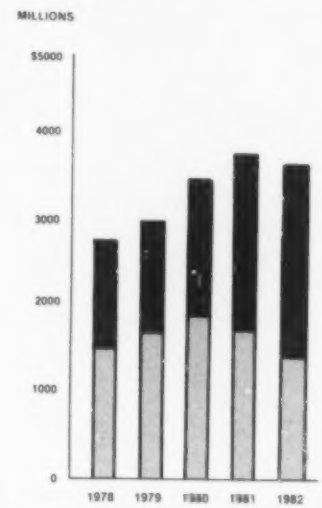


STATE OF TENNESSEE
REVENUES
ALL GOVERNMENTAL FUND TYPES
LAST FIVE YEARS



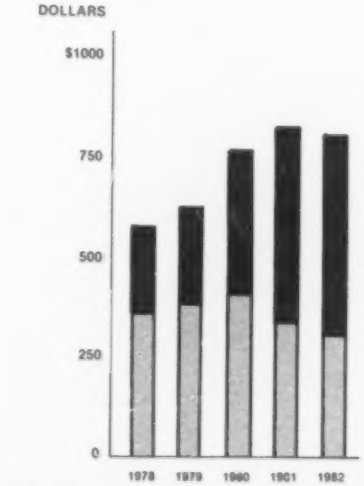
	1978	1979	1980	1981	1982
CURRENT DOLLARS	**$2764**	**$3049**	**$3353**	**$3525**	**$3582**
CONSTANT DOLLARS (1967)	$1523	$1561	$1540	$1427	$1315
PERCENT INCREASE OVER PRIOR YEAR IN CURRENT DOLLARS	**11.9%**	**10.3%**	**10.0%**	**5.1%**	**1.6%**
PERCENT INCREASE (DECREASE) OVER PRIOR YEAR IN CONSTANT DOLLARS	5.2%	2.5%	(1.3%)	(7.3%)	(7.8%)

STATE OF TENNESSEE
EXPENDITURES
ALL GOVERNMENTAL FUND TYPES
LAST FIVE YEARS



	1978	1979	1980	1981	1982
CURRENT DOLLARS	**$2676**	**$2989**	**$3474**	**$3712**	**$3704**
CONSTANT DOLLARS (1967)	$1474	$1530	$1596	$1503	$1360
PERCENT INCREASE (DECREASE) OVER PRIOR YEAR IN CURRENT DOLLARS	**7.3%**	**11.7%**	**16.2%**	**6.9%**	**(.2%)**
PERCENT INCREASE (DECREASE) OVER PRIOR YEAR IN CONSTANT DOLLARS	8%	3.8%	4.3%	(5.8%)	(9.5%)

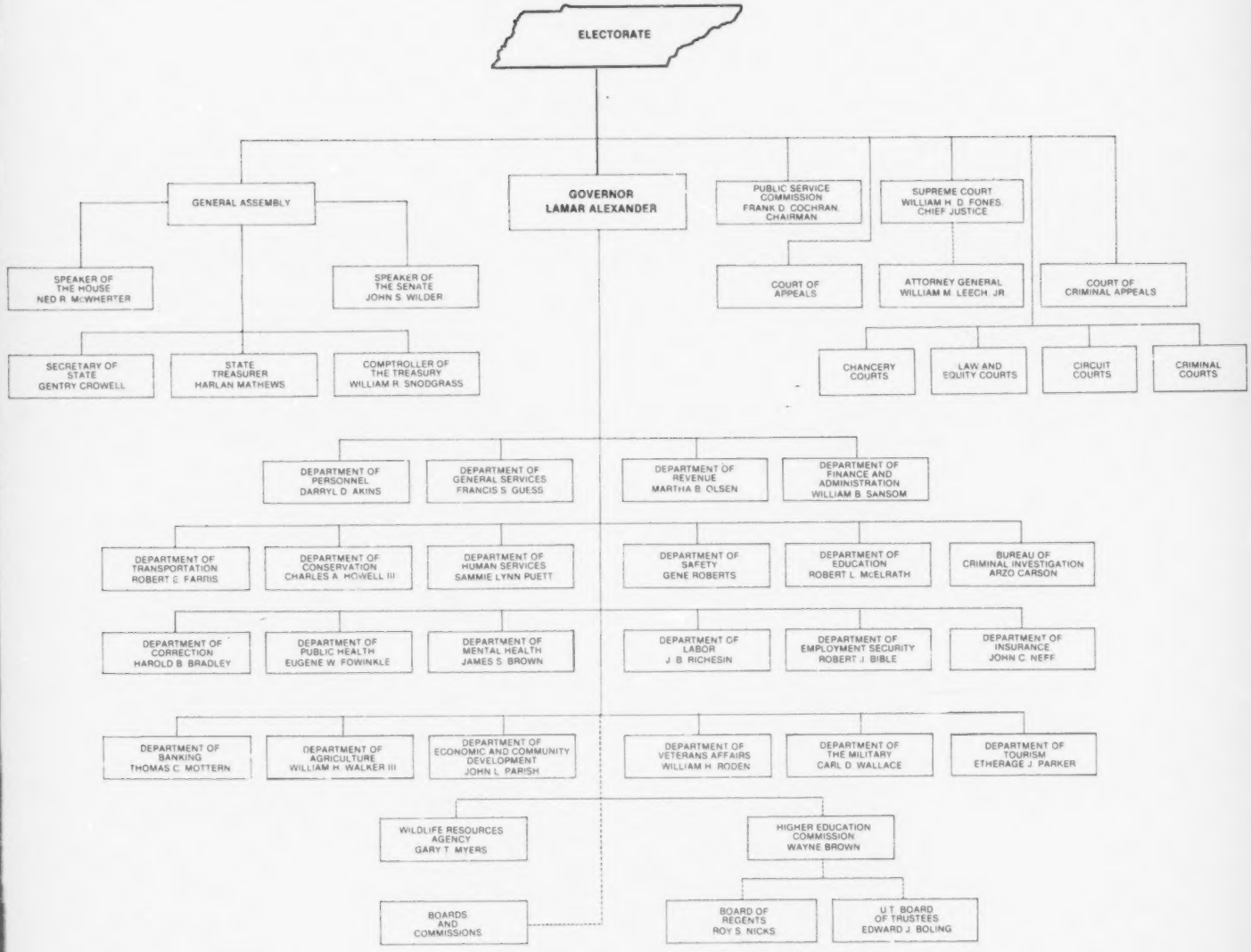
STATE OF TENNESSEE
PER CAPITA EXPENDITURES
ALL GOVERNMENTAL FUND TYPES
LAST FIVE YEARS



	1978	1979	1980	1981	1982
CURRENT DOLLARS	**$600**	**$659**	**$755**	**$799**	**$786**
CONSTANT DOLLARS (1967)	$331	$337	$347	$323	$289
PERCENT INCREASE (DECREASE) OVER PRIOR YEAR IN CURRENT DOLLARS	**5.8%**	**9.8%**	**14.6%**	**5.8%**	**(1.6%)**
PERCENT INCREASE (DECREASE) OVER PRIOR YEAR IN CONSTANT DOLLARS	(.6%)	1.8%	3.0%	(6.9%)	(10...

NOTE: EXPENDITURES EXPRESSED IN CONSTANT DOLLARS WERE DERIVED BY USING THE CONSUMER PRICE INDEX FOR ALL URBAN CONSUMERS.

STATE OF TENNESSEE
ORGANIZATION CHART
JUNE 30, 1982



General Purpose Financial Statements

STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF STATE AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37219
PHONE (615) 741-3697

October 19, 1982

Mr. W. R. Snodgrass
Comptroller of the Treasury
State Capitol
Nashville, Tennessee 37219

Dear Mr. Snodgrass:

We have examined the combined financial statements of the State of Tennessee and the combining and individual financial statements of the funds and account groups of the State as of and for the year ended June 30, 1982 as listed in the foregoing table of contents. Our examination was made in accordance with generally accepted government auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

As discussed in Notes 1 and 2 to the financial statements, the State of Tennessee is in the process of establishing appropriate records for the General Fixed Assets Account Group. Because of a lack of detail records to support the amounts recorded as of June 30, 1978, we were unable to satisfy ourselves as to the balances in general fixed assets; however, we were able to satisfy ourselves on the changes in general fixed assets since July 1, 1978.

In our opinion, except for the effect of the matter discussed in the preceding paragraph, the combined financial statements present fairly the financial position of the State of Tennessee at June 30, 1982 and the results of its operations and the changes in financial position of proprietary and similar trust fund types for the year then ended and the combining and individual financial statements of the funds and account groups present fairly the financial position of the individual funds of the State of Tennessee at June 30, 1982 and the results of their operations and the changes in financial position of the proprietary and similar trust funds for the year then ended in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

The statistical and economic data, listed in the foregoing table of contents, were not audited by us and, accordingly, we do not express an opinion thereon.

Respectfully,

Frank L. Greathouse

Frank L. Greathouse, CPA, Director
Division of State Audit

STATE OF TENNESSEE
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 1982

(Expressed in Thousands)

ASSETS	GOVERNMENTAL FUND TYPES			
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS
CASH AND CASH EQUIVALENTS	$ 124,006	$ 239,977	$ 19,352	$ 161,312
CASH ON DEPOSIT WITH FISCAL AGENTS		78,861		
INVESTMENTS				
RECEIVABLES (Note 1)	106,099	57,132		1,886
INTERFUND RECEIVABLES (Note 2)	359	7,497		
INVENTORIES		7,112		
PREPAYMENTS			2	
LAND				
STRUCTURES AND IMPROVEMENTS				
MACHINERY AND EQUIPMENT				
LESS - ACCUMULATED DEPRECIATION				
CONSTRUCTION IN PROGRESS				
AMOUNT AVAILABLE IN DEBT SERVICE FUND				
AMOUNT TO BE PROVIDED FOR RETIREMENT OF LONG - TERM DEBT				
DEFERRED CHARGES AND OTHER				
TOTAL ASSETS	**$ 230,464**	**$ 390,579**	**$ 19,354**	**$ 163,198**
LIABILITIES AND FUND EQUITY				
LIABILITIES:				
WARRANTS PAYABLE	$ 33,654	$ 17,925	$ 26	$ 1,662
ACCOUNTS PAYABLE AND ACCRUALS	131,261	49,975	4,074	4,788
INTERFUND PAYABLES (Note 2)	7,459	729		
NOTES PAYABLE (Note 3)				146,300
BONDS PAYABLE (Note 3)				
CALL PREMIUMS PAYABLE				
OTHER	1,078	17,238		300
TOTAL LIABILITIES	**173,452**	**85,867**	**4,100**	**153,050**
FUND EQUITY (Note 2):				
CONTRIBUTED CAPITAL				
INVESTMENT IN FIXED ASSETS				
RETAINED EARNINGS:				
RESERVED FOR BOND RETIREMENT				
UNRESERVED				
FUND BALANCES (Note 1):				
RESERVED FOR:				—
RELATED ASSETS		7,112		
ENCUMBRANCES AND CONTRACTS	4,275	133,172		16,018
CONTINUING APPROPRIATIONS	7,900			
APPROPRIATION AND OTHER REQUIREMENTS	2,000			
OTHER SPECIFIC PURPOSES	8,036	151,919	12,818	5,151
UNRESERVED:				
DESIGNATED FOR REVENUE FLUCTUATIONS	31,000			
DESIGNATED FOR CLAIMS AGAINST THE STATE	3,000			
DESIGNATED FOR HIGHWAY CONSTRUCTION		12,509		
DESIGNATED FOR DEBT SERVICE			2,436	
DESIGNATED FOR TRUST PURPOSES				
DESIGNATED FOR COLLEGES AND UNIVERSITIES				
UNDESIGNATED	801			(11,021)
TOTAL FUND EQUITY	**57,012**	**304,712**	**15,254**	**10,148**
TOTAL LIABILITIES AND FUND EQUITY	**$ 230,464**	**$ 390,579**	**$ 19,354**	**$ 163,198**

See accompanying Notes to the Financial Statements.

PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPES	ACCOUNT GROUPS			TOTALS (MEMORANDUM ONLY)	
ENTERPRISE	INTERNAL SERVICE	TRUST AND AGENCY	GENERAL FIXED ASSETS (Notes 1, 2)	GENERAL LONG-TERM DEBT (Note 3)	COLLEGE AND UNIVERSITY	JUNE 30, 1982	JUNE 30, 1981
$ 132,358	$ 13,478	$ 176,830			$ 151,215	$ 1,018,528	$ 893,527
	7,018				16,726	102,605	182,548
52,012	52,339	2,464,031			39,846	2,608,228	2,163,575
562,747	319	77,780			99,885	905,848	834,011
		10,324			4,406	22,586	45,859
318	6,686				16,146	30,262	26,420
	35					37	82
	1,262		$ 47,546		48,288	97,096	93,934
	12,039		622,373		881,988	1,516,400	1,432,660
657	36,054		189,032		303,315	529,058	429,245
(394)	(21,836)					(22,230)	(20,005)
			20,582		32,225	52,807	51,923
				$ 2,436		2,436	2,897
				536,634		536,634	587,298
9,519	1,519				4,013	15,051	14,249
$ 757,217	$ 108,913	$ 2,728,965	$ 879,533	$ 539,070	$ 1,598,053	$ 7,415,346	$ 6,738,223
$ 1,051	$ 682	$ 6,348				$ 61,348	$ 74,604
30,776	12,707	105,237			$ 44,888	383,706	341,470
94	76	8,571			5,657	22,586	45,859
90,675					37,549	274,524	87,426
588,530	52,985			$ 539,070	172,924	1,353,509	1,428,493
	1,533					1,533	1,533
2,099	197	119,753			27,414	168,079	65,505
713,225	68,180	239,909		539,070	288,432	2,265,285	2,044,890
2,438	34,805					37,243	25,166
			$ 879,533		1,055,308	1,934,841	1,783,993
15,646						15,646	11,778
25,908	5,928					31,836	23,624
					54,989	62,101	58,920
					6,205	159,670	183,863
						7,900	6,711
						2,000	5,404
		2,484,211			132,931	2,795,066	2,495,569
						31,000	22,500
						3,000	3,000
						12,509	9,868
						2,436	2,897
		4,845			2,966	7,811	16,961
					57,222	57,222	42,445
						(10,220)	634
43,992	40,733	2,489,056	879,533		1,309,621	5,150,061	4,693,333
$ 757,217	$ 108,913	$ 2,728,965	$ 879,533	$ 539,070	$ 1,598,053	$ 7,415,346	$ 6,738,223

STATE OF TENNESSEE
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 1982

(Expressed in Thousands)

	GOVERNMENTAL FUND TYPES				FIDUCIARY FUND TYPE	TOTALS (MEMORANDUM ONLY) FOR THE YEAR ENDED	
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	EXPENDABLE TRUST	JUNE 30, 1982	JUNE 30, 1981
REVENUES:							
TAXES	$1,629,770	$ 426,183	$ 96,663			$ 2,152,616	$ 1,956,031
LICENSES, FEES AND PERMITS	26,753	18,530				45,283	40,359
INTEREST ON INVESTMENTS	71,243	13,026			$ 3,541	87,810	81,673
FEDERAL	844,421	241,643	92	$ 4,318		1,090,474	1,259,554
DEPARTMENTAL SERVICES	180,616	13,934		1,648		196,198	182,219
CONTRIBUTIONS					45,813	45,813	45,157
OTHER	8,614	4,531	89			13,234	7,817
TOTAL REVENUES	2,761,417	717,847	96,844	5,966	49,354	3,631,428	3,572,810
EXPENDITURES:							
CURRENT:							
GENERAL GOVERNMENT	148,332	5,286			55,531	209,149	224,052
EDUCATION	1,323,262	698				1,323,960	1,283,647
HEALTH AND SOCIAL SERVICES	1,035,710	344,822				1,380,532	1,384,330
LAW, JUSTICE AND PUBLIC SAFETY	176,741	223				176,964	162,715
RECREATION AND RESOURCES DEVELOPMENT	58,100	12,931				71,031	68,366
REGULATIONS OF BUSINESS AND PROFESSIONS	15,330					15,330	14,245
TRANSPORTATION		429,587				429,587	447,850
DEBT SERVICE			85,487			85,487	80,774
CAPITAL OUTLAY				67,019		67,019	90,978
TOTAL EXPENDITURES	2,757,475	793,547	85,487	67,019	55,531	3,759,059	3,756,957
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	3,942	(75,700)	11,357	(61,053)	(6,177)	(127,631)	(184,147)
OTHER FINANCING SOURCES (USES):							
PROCEEDS FROM BOND SALE							38,300
OPERATING TRANSFERS IN	10,576	2,538		8,966		22,080	32,474
OPERATING TRANSFERS OUT	(9,845)	(23)	(10,796)	(8,746)		(29,410)	(40,140)
TOTAL OTHER FINANCING SOURCES (USES)	731	2,515	(10,796)	220		(7,330)	30,634
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	4,673	(73,185)	561	(60,833)	(6,177)	(134,961)	(153,513)
FUND BALANCES, JULY 1	51,992	377,897	14,693	70,981	22,107	537,670	687,006
EQUITY TRANSFERS, NET	347					347	4,177
FUND BALANCES, JUNE 30 (Note 2)	$ 57,012	$ 304,712	$ 15,254	$ 10,148	$ 15,930	$ 403,056	$ 537,670

See accompanying Notes to the Financial Statements.

STATE OF TENNESSEE
COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND EQUITY
ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 1982

(Expressed in Thousands)

	PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPES		TOTALS (MEMORANDUM ONLY) FOR THE YEAR ENDED	
	ENTERPRISE	INTERNAL SERVICE	NONEXPENDABLE TRUST	PENSION TRUST	JUNE 30, 1982	JUNE 30, 1981
OPERATING REVENUES:						
CHARGES FOR SERVICES	$ 3,248	$ 31,460			$ 34,708	$ 33,179
INVESTMENT INCOME	54,982	7,075	$ 866	$ 220,079	283,002	217,302
INTERGOVERNMENTAL	19,104		1,704		20,808	16,013
CONTRIBUTIONS				343,341	343,341	323,708
OTHER		87	1,300		1,387	494
TOTAL OPERATING REVENUES	77,334	38,622	3,870	563,420	683,246	590,696
OPERATING EXPENSES:						
PERSONAL SERVICES	3,415	9,259			12,674	11,386
CONTRACTUAL SERVICES	2,693	3,360		12,127	18,180	15,557
MATERIALS AND SUPPLIES	1,571	11,214			12,785	13,115
RENTALS AND INSURANCE	204	4,360			4,564	4,112
GRANTS AND SUBSIDIES	11,212		7,847		19,059	16,383
INTEREST	47,756	6,008			53,764	45,139
DEPRECIATION AND AMORTIZATION	481	4,183			4,664	4,520
BENEFITS				139,377	139,377	125,477
REFUNDS				24,193	24,193	21,878
OTHER	285	476	738		1,499	1,382
TOTAL OPERATING EXPENSES	67,617	38,860	8,585	175,697	290,759	258,949
OPERATING INCOME (LOSS)	9,717	(238)	(4,715)	387,723	392,487	331,747
OPERATING TRANSFERS IN	1,038	1,181	5,088	23	7,330	7,666
NET INCOME/CHANGE IN RETAINED EARNINGS	10,755	943	373	387,746	399,817	339,413
OTHER CHANGES IN FUND EQUITY:						
EQUITY TRANSFERS OUT	(347)				(347)	(4,177)
CONTRIBUTED FIXED ASSETS		13,122			13,122	875
LOSS ON DISPOSAL OF MASON BRANDON INDUSTRIES	(316)				(316)	
NET CHANGE IN FUND EQUITY	10,092	14,065	373	387,746	412,276	336,111
FUND EQUITY, JULY 1	33,900	26,668	12,518	2,072,489	2,145,575	1,809,464
FUND EQUITY, JUNE 30	$ 43,992	$ 40,733	$ 12,891	$ 2,460,235	$ 2,557,851	$ 2,145,575

See accompanying Notes to the Financial Statements.

STATE OF TENNESSEE
COMBINED STATEMENT OF CHANGES IN FINANCIAL POSITION
ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 1982

(Expressed in Thousands)

	PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPES		TOTALS (MEMORANDUM ONLY) FOR THE YEAR ENDED	
	ENTERPRISE	INTERNAL SERVICE	NONEXPENDABLE TRUST	PENSION TRUST	JUNE 30, 1982	JUNE 30, 1981
SOURCES OF WORKING CAPITAL:						
OPERATIONS:						
NET INCOME	$ 10,755	$ 943	$ 373	$ 387,746	$ 399,817	$ 339,413
ITEMS NOT REQUIRING WORKING CAPITAL - DEPRECIATION AND AMORTIZATION	481	4,183			4,664	4,520
WORKING CAPITAL PROVIDED BY OPERATIONS	11,236	5,126	373	387,746	404,481	343,933
PROCEEDS FROM SALE OF BONDS	50,000				50,000	96,270
DECREASE IN LONG-TERM INVESTMENTS						58,050
DISPOSAL OF MACHINERY AND EQUIPMENT	94	709			803	421
EQUITY TRANSFERS IN						12
TOTAL SOURCES OF WORKING CAPITAL	61,330	5,835	373	387,746	455,284	498,686
USES OF WORKING CAPITAL:						
PURCHASE OF LONG-TERM INVESTMENTS	7,792	78			7,870	5,708
INCREASE IN NONCURRENT RECEIVABLES	52,177				52,177	124,530
INCREASE IN DEFERRED CHARGES	943				943	745
ACQUISITION OF MACHINERY AND EQUIPMENT	115	6,827			6,942	3,145
DECREASE IN LONG-TERM DEBT	13,180				13,180	71,549
EQUITY TRANSFER OUT	347				347	4,189
LOSS ON DISPOSAL OF MASON BRANDON INDUSTRIES	316				316	
TOTAL USES OF WORKING CAPITAL	74,870	6,905			81,775	209,866
NET INCREASE (DECREASE) IN WORKING CAPITAL	$ (13,540)	$ (1,070)	$ 373	$ 387,746	$ 373,509	$ 288,820
ELEMENTS OF NET INCREASE (DECREASE) IN WORKING CAPITAL:						
CASH AND CASH EQUIVALENTS	$ 43,977	$ (3,294)	$ 960	$ (67,204)	$ (25,561)	$ (61,092)
CASH ON DEPOSIT WITH FISCAL AGENT		6,656			6,656	(1,239)
INVESTMENTS		(58,050)		489,420	431,370	430,615
RECEIVABLES	2,882	(98)	(553)	13,496	15,727	4,274
INTERFUND RECEIVABLES				(855)	(855)	347
INVENTORIES	(84)	2,924			2,840	(966)
PREPAID EXPENSES		(44)			(44)	2
WARRANTS PAYABLE	995	285	(18)	11,393	12,655	201
ACCOUNTS PAYABLE AND ACCRUALS	(16,606)	(7,632)	(16)	18,396	(5,858)	(18,402)
INTERFUND PAYABLES	(68)	(6)			(74)	(4)
NOTES PAYABLES	(40,945)	102			(40,843)	(3,036)
CURRENT PORTION OF LONG-TERM DEBT	(2,025)	58,005			55,980	(61,120)
OTHER	(1,666)	82		(76,900)	(78,484)	(760)
NET INCREASE (DECREASE) IN WORKING CAPITAL	$ (13,540)	$ (1,070)	$ 373	$ 387,746	$ 373,509	$ 288,820

See accompanying Notes to the Financial Statements.

STATE OF TENNESSEE
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND EQUITY
ALL COLLEGE AND UNIVERSITY FUND TYPES
FOR THE YEAR ENDED JUNE 30, 1982

(Expressed in Thousands)

	CURRENT FUNDS	FIDUCIARY FUNDS	PLANT FUNDS	TOTALS (MEMORANDUM ONLY) FOR THE YEAR ENDED JUNE 30, 1982	JUNE 30, 1981
REVENUES:					
TUITION AND FEES	$ 109,080		$ 4,299	$ 113,379	$ 95,515
FEDERAL APPROPRIATIONS, GRANTS AND CONTRACTS	91,894	$ 1,629	1,547	95,070	96,286
STATE APPROPRIATIONS, GRANTS AND CONTRACTS (Note 1)	350,929	28	23,568	374,525	368,852
PRIVATE GIFTS, GRANTS AND CONTRACTS	27,073	2,554	8,597	38,224	25,349
SALES AND SERVICES OF EDUCATIONAL ACTIVITIES	17,552			17,552	17,088
SALES AND SERVICES OF AUXILIARY ENTERPRISES AND HOSPITALS	176,643			176,643	157,947
OTHER	30,164	2,705	8,997	41,866	34,549
TOTAL REVENUES	803,335	6,916	47,008	857,259	795,586
EXPENDITURES:					
INSTRUCTION	288,724			288,724	258,924
RESEARCH	50,806			50,806	55,254
PUBLIC SERVICE	41,728			41,728	41,795
ACADEMIC SUPPORT	56,356			56,356	52,459
STUDENT SERVICES	39,508	237		39,745	37,243
INSTITUTIONAL SUPPORT	59,696			59,696	55,322
OPERATION AND MAINTENANCE OF PLANT	59,741			59,741	54,257
SCHOLARSHIPS AND LOAN CANCELLATIONS	21,469	786		22,255	14,777
AUXILIARY ENTERPRISES AND HOSPITALS	155,931			155,931	142,882
INTEREST PAYMENTS			11,212	11,212	10,949
OTHER		969	1,921	2,890	4,454
TOTAL EXPENDITURES	773,959	1,992	13,133	789,084	728,316
EXCESS OF REVENUES OVER EXPENDITURES	29,376	4,924	33,875	68,175	67,270
OTHER INCREASES (DECREASES) IN FUND EQUITY:					
OPERATING TRANSFERS IN (OUT)	(19,252)	381	18,871		
CAPITALIZED CURRENT FUND EXPENDITURES			29,955	29,955	25,501
DISPOSAL OF PLANT FACILITIES			(4,128)	(4,128)	(14,698)
MISCELLANEOUS (Note 1)	4,190		58,590	62,780	(6,441)
TOTAL OTHER INCREASES (DECREASES) IN FUND EQUITY	(15,062)	381	103,288	88,607	4,362
EXCESS OF REVENUES AND OTHER INCREASES OVER EXPENDITURES AND OTHER DECREASES	14,314	5,305	137,163	156,782	71,632
FUND EQUITY, JULY 1 (Note 2)	93,269	78,010	981,560	1,152,839	1,081,207
FUND EQUITY, JUNE 30	$ 107,583	$ 83,315	$ 1,118,723	$ 1,309,621	$ 1,152,839

See accompanying Notes to the Financial Statements.

STATE OF TENNESSEE
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (BUDGETARY BASIS)
GENERAL FUND AND BUDGETED SPECIAL REVENUE FUND TYPES
FOR THE YEAR ENDED JUNE 30, 1982

(Expressed in Thousands)

	GENERAL FUND		
	BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE-FAVORABLE (UNFAVORABLE)
SOURCES OF FINANCIAL RESOURCES:			
FUND BALANCES (BUDGETARY BASIS), JULY 1	$ 62,053	$ 62,053	
ADD - ENCUMBRANCE AND CONTRACT RESERVES REAPPROPRIATED	5,117	5,117	
ADJUSTED FUND BALANCES (BUDGETARY BASIS), JULY 1	67,170	67,170	
REVENUES:			
TAXES	1,644,343	1,629,770	$ (14,573)
LICENSES, FEES AND PERMITS	27,801	26,753	(1,048)
INTEREST ON INVESTMENTS	69,000	71,243	2,243
FEDERAL	1,023,039	841,851	(181,188)
DEPARTMENTAL SERVICES	189,065	180,253	(8,812)
OTHER	4,945	8,614	3,669
OTHER FINANCING SOURCES - TRANSFERS IN	10,923	10,923	
TOTAL SOURCES OF FINANCIAL RESOURCES	3,036,286	2,836,577	(199,709)
USES OF FINANCIAL RESOURCES:			
EXPENDITURES AND ENCUMBRANCES:			
LEGISLATIVE	7,299	6,770	529
SECRETARY OF STATE	2,076	1,812	264
COMPTROLLER	20,456	18,045	2,411
TREASURER	7,619	7,481	138
PUBLIC SERVICE COMMISSION			
GOVERNOR	49,538	33,283	16,255
COMMISSIONS	28,284	24,899	3,385
FINANCE AND ADMINISTRATION	4,007	3,539	468
PERSONNEL	3,761	3,337	424
GENERAL SERVICES	14,039	13,099	940
REVENUE	26,376	25,095	1,281
OTHER GENERAL GOVERNMENT	13,766	12,034	1,732
EDUCATION	1,405,613	1,323,595	82,018
VETERANS AFFAIRS	863	853	10
EMPLOYMENT SECURITY	131,810	70,864	60,946
MENTAL HEALTH AND MENTAL RETARDATION	170,354	159,701	10,653
PUBLIC HEALTH	602,324	584,357	17,967
HUMAN SERVICES	245,712	215,871	29,841
JUDICIAL	31,606	30,919	687
CORRECTION	112,727	105,287	7,440
MILITARY	15,424	9,458	5,966
BUREAU OF CRIMINAL INVESTIGATION	5,808	5,422	386
SAFETY	27,921	26,187	1,734
AGRICULTURE	9,255	8,473	782
TOURIST DEVELOPMENT	4,673	4,143	530
CONSERVATION	43,775	37,675	6,100
WILDLIFE RESOURCES			
ECONOMIC AND COMMUNITY DEVELOPMENT	11,994	8,050	3,944
INSURANCE	10,003	8,861	1,142
BANKING	2,339	2,278	61
LABOR	4,811	4,216	595
TRANSPORTATION			
OTHER FINANCING USES - TRANSFERS OUT	9,845	9,845	
TOTAL USES OF FINANCIAL RESOURCES	3,024,078	2,765,449	258,629
FUND BALANCES (BUDGETARY BASIS), JUNE 30 (NOTE 2)	$ 12,208	$ 71,128	$ 58,920

See accompanying Notes to the Financial Statements.

BUDGETED SPECIAL REVENUE FUNDS			TOTALS (MEMORANDUM ONLY)		
BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE-FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE-FAVORABLE (UNFAVORABLE)
$ 22,874	$ 22,874		$ 84,927	$ 84,927	
208,690	208,690		213,807	213,807	
231,564	231,564		298,734	298,734	
238,400	233,130	$ (5,270)	1,882,743	1,862,900	$ (19,843)
14,010	18,530	4,520	41,811	45,283	3,472
			69,000	71,243	2,243
197,891	198,050	159	1,220,930	1,039,901	(181,029)
18,150	21,890	3,740	207,215	202,143	(5,072)
4,900	4,531	(369)	9,845	13,145	3,300
2,602	2,602		13,525	13,525	
707,517	710,297	2,780	3,743,803	3,546,874	(196,929)
			7,299	6,770	529
			2,076	1,812	264
			20,456	18,045	2,411
1,300	1,290	10	8,919	8,771	148
4,036	3,996	40	4,036	3,996	40
			49,538	33,283	16,255
			28,284	24,899	3,385
			4,007	3,539	468
			3,761	3,337	424
			14,039	13,099	940
			26,376	25,095	1,281
			13,766	12,034	1,732
698	698		1,406,311	1,324,293	82,018
			863	853	10
			131,810	70,864	60,946
			170,354	159,701	10,653
			602,324	584,357	17,967
			245,712	215,871	29,841
			31,606	30,919	687
			112,727	105,287	7,440
			15,424	9,458	5,966
			5,808	5,422	386
329	225	104	28,250	26,412	1,838
			9,255	8,473	782
			4,673	4,143	530
974	635	339	44,749	38,310	6,439
12,829	12,406	423	12,829	12,406	423
			11,994	8,050	3,944
			10,003	8,861	1,142
			2,339	2,278	61
			4,811	4,216	595
666,900	643,677	23,223	666,900	643,677	23,223
87	87		9,932	9,932	
687,153	663,014	24,139	3,711,231	3,428,463	282,768
$ 20,364	$ 47,283	$ 26,919	$ 32,572	$ 118,411	$ 85,839

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation - The accompanying financial statements have been prepared in conformity with generally accepted accounting principles as prescribed by the National Council on Governmental Accounting and Audits of State and Local Governmental Units issued by the American Institute of Certified Public Accountants. The financial statements for the College and University Funds have been prepared in conformity with generally accepted accounting principles as prescribed by the National Association of College and University Business Officers and the American Institute of Certified Public Accountants in Audits of Colleges and Universities. The accompanying statements include all fund types and account groups of the various boards, commissions, agencies, authorities, colleges and universities of the state. Certain amounts presented for the preceding year have been reclassified for comparative purposes.

B. Fund Structure and Basis of Accounting - The accompanying financial statements are structured into four categories of funds and a fifth type of accounting entity, account groups. The fund categories include governmental funds, proprietary funds, fiduciary funds and college and university funds. Account groups are presented for general fixed assets and general long-term debt.

The state's governmental funds include:

1. the General Fund - used to account for all financial transactions not accounted for in another fund;
2. the Special Revenue Funds - used to account for specific revenues earmarked to finance particular programs and activities;
3. the Debt Service Fund - used to account for the payment of principal and interest on general long-term debt; and
4. the Capital Projects Fund - used to account for the acquisition or construction of all major governmental general fixed assets.

All of the governmental funds are accounted for on the modified accrual basis of accounting. In accordance with the modified accrual basis, revenues are recognized when they become susceptible to accrual; that is, when they become both measurable and available to finance expenditures of the current period. Expenditures are recorded at the time liabilities are incurred except:

a. Inventories generally are considered expenditures at acquisition;
b. Prepayments usually are not recorded; and
c. Interest on long-term debt is recorded when due.

Encumbrance accounting is utilized for budgetary control purposes. Encumbrances outstanding at year end are reported as reservations of fund balance for subsequent year expenditure.

The proprietary funds include:

1. the Enterprise Funds - used to account for the operations of self-sustaining state agencies rendering service to the general public on a user charge basis; and
2. the Internal Service Funds - used to account for the operations of self-sustaining state agencies rendering services to other state agencies on a cost reimbursement basis.

The proprietary funds are accounted for on the accrual basis of accounting.

The fiduciary funds include the Trust and Agency Funds which are used to account for assets held by the state as trustee or agent. Nonexpendable and Pension Trust Funds are accounted for on the accrual basis of accounting. Expendable Trust and Agency Funds are accounted for on the modified accrual basis of accounting.

The college and university funds include:

1. Current Funds - used to account for unrestricted funds over which the governing boards retain full control in achieving the institutions' purposes and restricted funds which may be utilized only in accordance with externally-restricted purposes;
2. Fiduciary Funds - used to account for assets held by loan, endowment, life income and agency funds in which the universities act in a fiduciary capacity; and
3. Plant Funds - used to account for institutional property acquisition, renewal, replacement, debt service and investment.

The college and university funds are accounted for on the accrual basis of accounting.

C. Budget - The state's annual budget is prepared principally on the cash basis and represents departmental appropriations as authorized by the Appropriation Act of 1981 and any authorized revisions during the year to reflect changes in programs and activities. These revisions require executive branch approval by the Commissioner of Finance and Administration as well as legislative branch action through the Joint Finance, Ways and Means Committee. Budgetary control is maintained at the organizational unit level. Unencumbered appropriations lapse at the end of each fiscal year. In order to provide sufficient funding for several programs (primarily Department of Transportation) during the year, supplemental appropriations of $29.9 million were required.

Since the budget basis differs from generally accepted accounting principles (GAAP), actual amounts in the accompanying budgetary comparison statement are presented on the budgetary basis. A reconciliation of the differences between the budgetary basis and the GAAP basis is presented in Note 2. The budgetary comparison

statement includes the General Fund, the Highway Fund and five other minor Special Revenue Funds. Each of the agencies classified as Other Special Revenue Funds has individually complied with authorized appropriations and revisions. The state's annual budget does not include the Employment Security Special Revenue Fund. This fund is financed entirely by the Federal government. As a result, the program level is prescribed by the funding source. During the year the Employment Security program adhered to fiscal constraints and spending limitations imposed by the Federal government.

D. Cash and Cash Equivalents - In addition to bank accounts and petty cash, this classification includes all short-term investments such as certificates of deposit, repurchase agreements and U. S. Treasury bills. These investments are stated at cost which at June 30, 1982 approximated market. Collateral, as required by law, is pledged by the various banks to guarantee state funds on deposit with them. In addition, the state is custodian for other securities, not reported in the accompanying financial statements, which collateralize contractor/vendor performance.

E. Investments - This classification includes long-term investments, principally the Pension Trust Fund portfolio, which are stated at cost or amortized cost aggregating $2.61 billion. At June 30, 1982 the market value of these investments approximated $2.25 billion. Debt securities included in this classification are expected to be held to maturity and redeemed at face value.

F. Receivables - Receivables in the state's governmental and fiduciary funds primarily consist of interest and federal revenues, both recorded when earned. Since few governmental fund revenues are susceptible to accrual prior to receipt, most taxes, licenses, fees, permits and similar revenues are recognized on the cash basis. Certain Special Revenue Fund receivables of $19 million, representing erroneous benefit payments, have been reduced by a $13 million allowance for uncollectibles. Receivables in all other funds have arisen in the ordinary course of business. College and University receivables of $108 million have been reduced by an $8 million uncollectible allowance.

G. Interfund Transactions - The state basically has three types of interfund transactions, as follows:

1. Services rendered and employee benefit contributions. These transactions are accounted for as revenues, expenditures or expenses in the funds involved.
2. Operating appropriations/subsidies. These are accounted for as operating transfers in the funds involved with the exception of the annual appropriations to the colleges and universities ($341.8 million and $298.1 million in 1982 and 1981, respectively) which are accounted for as revenues and expenditures in the funds involved.
3. Equity contributions. These are accounted for as equity transfers (additions to or deductions from beginning governmental fund balances or proprietary fund contributed capital).

The composition of the state's interfund receivables and payables at June 30, 1982 is presented in Note 2.

H. Inventories - Inventories of materials and supplies are determined by physical count and are valued at the lower of cost (principally average cost) or market.

I. Fixed Assets and Depreciation - Governmental general fixed assets acquired or constructed since June 30, 1978 are stated at cost in the General Fixed Assets Account Group. For general fixed assets acquired or constructed prior to that date, the best estimates of historical costs have been reported since older cost records are incomplete or not available. Interest during construction is not capitalized. Also, certain public domain fixed assets (including highways, bridges, highway lands and rights-of-way) are not capitalized. No depreciation is provided on general fixed assets. While it is probable that all state-owned land is not recorded, the omissions are not deemed to be material. Development of appropriate accounting records for all state land and buildings is expected to be completed in 1983.

Enterprise and Internal Service Fund fixed assets are stated at cost. They are being depreciated principally on a straight-line basis over estimated useful lives ranging from 20 to 50 years for Structures and Improvements and 5 to 10 years for Machinery and Equipment. Certain state land and buildings, headquartering several proprietary operations, are reported in the General Fixed Assets Account Group at estimated historical cost as described above. Because of the advanced age of the buildings involved, the omission of these fixed assets and related depreciation is not deemed material to financial position or results of operations of the applicable Enterprise and Internal Service Funds.

Generally, College and University Fund fixed assets are stated at cost and are not depreciated. Because of the magnitude of library holdings, however, it has been the state's policy to value library books at a standard amount per volume. This unit valuation was increased to $20 in 1982, resulting in a $58.6 million increase in College and University Fund fixed assets.

A statement of changes in general fixed assets for the year ended June 30, 1982 is presented in Note 2.

J. Fund Balance Reserves and Designations - The state's fund balance reserves represent those portions of fund balance (1) not appropriable for expenditure or (2) legally segregated for a specific future use. In the accompanying Combined Balance Sheet, reserves for related assets such as inventories, petty cash and receivables are examples of the former. Reserves for encumbrances, contracts, continuing appropriations, future appropriations and other specific purposes are examples of the latter.

A descriptive summary of the major reserves by fund type at June 30, 1982 follows (expressed in thousands).

Reserved For	General	Special Revenue	Debt Service	Capital Projects	Trust and Agency	College and University
Other Specific Purposes:						
Casualty Losses	$ 3,500					
Capital Outlay and Bond Cancellation			$ 12,818	$ 5,151		$ 27,072
Highway Construction		$ 73,936				
Unemployment Benefits		67,118				
Pension Benefits					$2,460,235	
Restricted Gifts, Grants and Contracts						103,442
Other	4,536	10,865			23,976	2,417
Totals	$ 8,036	$151,919	$ 12,818	$ 5,151	$2,484,211	$ 132,931

The state's fund balance designations reflect tentative plans for future use of financial resources. The General Fund designation for revenue fluctuations has been established as protection in the event of future revenue shortfalls or expenditure overruns. The designation for claims against the state is for general contingencies.

K. Totals - Memorandum Only - The "Totals - Memorandum Only" column represents an aggregation of the individual combined financial statements. The totals column is presented for overview informational purposes and does not represent consolidated financial information.

NOTE 2 - OTHER ACCOUNTING DISCLOSURES

A. Fund Deficit - The state's Capital Projects Fund reflects an unreserved fund deficit of $11.021 million at June 30, 1982. Principally, this results from encumbering long-term capital construction contracts in advance of receiving general obligation bond proceeds. The $100 million bond issue in October 1982, referred to in Note 3, has eliminated this deficit.

Although unemployment benefit claims paid from the Employment Security Special Revenue Fund have exceeded employer contributions since 1980, the fund reflects a reserved fund balance of $67.118 million at June 30, 1982. Management expects, however, that this fund will soon require advances from the federal government despite an employer tax increase which became effective in July 1982.

B. Budgetary Basis vs. GAAP - The accompanying Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund and Budgeted Special Revenue Fund Types presents comparisons of the legally adopted budget with actual data on a budgetary basis. Since the budgetary and GAAP presentations of actual data differ, a reconciliation of the two is presented below (expressed in thousands).

	General Fund	Budgeted Special Revenue Funds
Fund Balances (Budgetary Basis), June 30, 1982	$ 71,128	$ 47,283
Add (Deduct):		
Accrued revenues	35,783	8,537
Accrued expenditures	(54,195)	(34,212)
Reserve for encumbrances and contracts	4,275	133,172
Other fund balance reserves	21	82,814
Fund balance of the Employment Security Fund, for which an annual budget is not legally adopted		67,118
Fund Balances (GAAP Basis), June 30, 1982	$ 57,012	$ 304,712

There were no expenditures in excess of appropriations in the state's individual governmental funds for the year.

C. General Fixed Assets - A statement of changes in general fixed assets for the year ended June 30, 1982 is shown below (expressed in thousands).

	Land	Structures and Improvements	Machinery and Equipment	Construction in Progress	Totals
Balance, July 1, 1981	$46,362	$ 602,498	$ 183,010	$ 25,379	$ 857,249
Additions	1,591	27,158	18,243	24,109	71,101
Deductions	(407)	(7,283)	(12,221)	(28,906)	(48,817)
Balance, June 30, 1982	$47,546	$ 622,373	$ 189,032	$ 20,582	$ 879,533
Investment in General Fixed Assets:					
Prior to July 1, 1978	$37,406	$ 342,169	$ 114,227		$ 493,802
Subsequent to June 30, 1978	10,140	280,204	74,805	$ 20,582	385,731
Balance, June 30, 1982	$47,546	$ 622,373	$ 189,032	$ 20,582	$ 879,533

As indicated, approximately 44% of the state's investment in general fixed assets has occurred subsequent to June 30, 1978. As previously stated, records of general fixed assets acquired prior to that time are either incomplete or not available.

D. Fund Equity Restatement - Proceeds due from bonds to be sold in order to fund higher education construction projects underway, previously reported as receivables in the College and University Funds, have been eliminated from the accompanying financial statements by restating beginning fund equity, as follows (expressed in thousands):

	College and University Funds	All Fund Types and Account Groups Totals (Memorandum Only)
Fund Equity as previously reported, June 30, 1981	$ 1,231,981	$ 4,772,475
Elimination of receivables from bonds to be sold	(79,142)	(79,142)
Fund Equity as restated, June 30, 1981	$ 1,152,839	$ 4,693,333

E. Segment Information - Segment financial information for the state's Enterprise Funds for the year ended June 30, 1982 is presented below (expressed in thousands).

	Housing Development Agency	Industries for the Blind	Local Environmental Loan	Other	Totals
Revenues	$ 58,972	$1,766	$ 15,103	$ 1,493	$ 77,334
Expenses	49,994	2,588	13,668	1,367	67,617
Operating Income (Loss)	8,978	(822)	1,435	126	9,717
Operating Transfers In		1,038			1,038
Net Income	$ 8,978	$ 216	$ 1,435	$ 126	$ 10,755
Net Working Capital	$ 57,761	$ 368	$(49,260)	$ 1,439	$ 10,308
Total Assets	$570,909	$ 665	$183,931	$ 1,712	$757,217
Notes and Bonds Payable	$510,260		$168,945		$679,205
Fund Equity	$ 36,394	$ 420	$ 5,561	$ 1,617	$ 43,992

Although one enterprise fund has a retained earnings deficit, all individual enterprise funds have positive fund equity balances at June 30, 1982.

F. Interfund Accounts - A summary of interfund receivables and payables at June 30, 1982 is shown below (expressed in thousands).

	RECEIVABLES							
		Special Revenue Funds		Trust and Agency Funds			Col. and University	
Payables	Gen. Fund	Highway	Empl. Security	Employee Grp. Ins.	Pension Trust	Cont. Revenue	Current Funds	Totals
General			$ 312		$ 1,901	$ 1,931	$ 3,315	$ 7,459
Special Revenue:								
Highway					321	334		655
Other					40	34		74
Enterprise:								
Housing Development Agency					6	6		12
Industries for the Blind	$ 67				4	5		76
Other					3	3		6
Internal Service:								
Information System Services					19	21		40
Motor Vehicle Management					2	3		5
General Services Printing					5	5		10
Building Management					1	2		3
Tennessee State Industries					5	5		10
Institutional Farms					2	3		5
Other					2	1		3
Trust and Agency:								
Local Government Investment	292	$ 7,185					1,091	8,568
Student Assistance Corp.					1	2		3
College and University Current				$ 1,549	1,346	2,762		5,657
Totals	$ 359	$ 7,185	$ 312	$ 1,549	$ 3,658	$ 5,117	$ 4,406	$ 22,586

NOTE 3 - NOTES AND BONDS PAYABLE

Notes and bonds payable at June 30, 1982 are shown below.

	Amount (in Thousands) Notes	Bonds
Capital Projects Fund:		
General obligation bond anticipation notes, $65 million at 7.625%, due July 1982 (currently renewed to December 1982 at rates ranging from 4.125% to 4.9%); and $81.3 million at 7.89%, due December 1982	$ 146,300	
Enterprise Funds:		
General obligation bonds, 4.875% to 7.5%, due in generally decreasing amounts of principal and interest ranging from a maximum of $6.8 million in 1989 to $1.4 million in 2010		$ 78,270
Tennessee Local Development Authority revenue bond anticipation notes, 9.5%, due September 1982	90,675	
Mortgage finance program revenue bonds, various Series, 4.2% to 14%, due in generally decreasing amounts of principal and interest ranging from a maximum of $50.7 million in 1987 to $1.0 million in 2018		510,260
	90,675	588,530
Internal Service Funds:		
Tennessee State School Bond Authority 1977 refunding revenue bonds, 4.6% to 6.6%, crossover date of May 1986, principal and interest due thereafter in generally decreasing amounts ranging from a maximum of $4.4 million in 1987 to $1.2 million in 2011		52,985
General Long-Term Debt:		
General obligation bonds, .1% to 7.4%, due in decreasing amounts of principal and interest from $76.6 million in 1983 to $2.1 million in 2000		539,070
College and University Funds:		
Endowment Fund notes, due within one year	16	
Tennessee State School Bond Authority revenue bond anticipation notes, $36.5 million, 8.3%, due July 1982 and other capital outlay notes, $1.0 million, to 7%, principally due by 1985	37,533	
Tennessee State School Bond Authority revenue bonds, various Series, 4.1% to 7%, due in decreasing amounts of principal and interest from $12.5 million in 1983 to $1.3 million in 2011		155,438
Non-Authority revenue bonds, 2.25% to 5%, due in generally decreasing amounts of principal and interest from $1.3 million in 1983 to $51 thousand in 2009		17,486
	37,549	172,924
Total Notes and Bonds Payable	$ 274,524	$ 1,353,509

The full faith and credit of the state, together with certain tax revenues, are pledged to secure all general obligation notes and bonds listed above. Although the Enterprise Fund general obligation debt is being retired from resources of that fund (Local Environmental Loan Fund), the state remains contingently liable for its payment. The revenue notes and bonds listed above are not obligations of the state. They are secured by pledge of resources from the facilities to which they relate and by certain other revenues, fees and assets of the Tennessee Housing Development Agency (THDA), the Tennessee State School Bond Authority (TSSBA) and the various colleges and universities.

As indicated above, substantially all notes payable at June 30, 1982 are due within one year. Debt service requirements to maturity for all general obligation and revenue bonds payable at June 30, 1982 are as follows (expressed in thousands):

For the Year(s) Ended June 30	General Obligation Bonds Principal	General Obligation Bonds Interest	Revenue Bonds Principal	Revenue Bonds Interest	Total Requirements
1983	$ 52,690	$ 30,523	$ 15,698	$ 47,249	$ 146,160
1984	49,900	28,038	18,102	45,805	141,845
1985	47,515	25,660	19,700	44,805	137,680
1986	47,640	23,411	71,957*	43,691	186,699*
1987	47,780	21,160	22,329	41,868	133,137
1988-2018	371,815	114,516	588,383	530,547	1,605,261
	$ 617,340	$ 243,308	$ 736,169	$ 753,965	$ 2,350,782

*Includes $51,115 representing outstanding TSSBA bonds to be refunded, described below.

A summary of changes in general long-term debt for the year ended June 30, 1982 follows (expressed in thousands).

	Balance, July 1, 1981	General Obligation Bonds Issued	General Obligation Bonds Retired	Net Increase in Funds Available for Debt Service	Balance, June 30, 1982
Amount available in Debt Service Fund	$ 2,897			$(461)	$ 2,436
Amount to be Provided for Retirement of Long-Term Debt	587,298	-	$ (51,125)	461	536,634
Total Available and to be Provided/General Obligation Debt Payable	$ 590,195	-	$ (51,125)	$ -	$ 539,070

The only bond sale during the year ended June 30, 1982 was a $50 million THDA revenue bond issue in December 1981. In August 1981, $90.675 million of Tennessee Local Development Authority (TLDA) revenue bond anticipation notes were issued; and in December 1981, general obligation bond anticipation notes of $146.3 million, maturing to December 1982, were sold.

Subsequent to June 30, 1982 the following note and bond activity has taken place:

- July 1982 - TSSBA revenue bond anticipation notes of $58.71 million were issued, of which $36.5 million was used to retire notes then due.
- August 1982 - THDA revenue bonds of $150 million were sold.
- September 1982 - TLDA revenue bond anticipation notes of $92.25 million were issued, $89.4 million of which (together with an additional $1.275 million of available funds) was used to retire notes then due.
- October 1982 - General obligation bonds of $100 million were sold.

In 1977 the TSSBA entered into a crossover advance refunding transaction whereby revenue bonds of $52.985 million were issued to facilitate retirement of 1976 TSSBA bonds of $51.115 million in crossover year 1986. Proceeds from the refunding issue were placed in trust with the State Treasurer and invested in qualifying securities which, together with interest earned thereon, will provide amounts sufficient for future payment of all interest, principal and call premiums on the 1976 refunded bonds. In the accompanying financial statements the refunding bonds and related investments are reported in the TSSBA Internal Service Fund; the bonds to be refunded are included in the College and University Funds debt.

A summary of general obligation bonds authorized and unissued at June 30, 1982 is shown below (expressed in thousands). It is anticipated that a substantial amount of these bonds will not be issued but will be cancelled out of available fund balances. The summary has given effect to the cancellation of $2 million of authorized and unissued debt of the Tennessee Industrial Development Authority, said authority having been abolished July 1, 1981.

Purpose	Unissued July 1, 1981	Authorized	Sold	Cancelled	Unissued June 30, 1982
Sewage Treatment	$ 113,715				$ 113,715
Waterworks	41,195				41,195
Solid Waste Recovery	99,295				99,295
Highway	112,100	$ 10,000		$ 3,800	118,300
Education	53,250	11,138			64,388
Correction	3,488	2,068			5,556
Expo '82	10,000				10,000
General Government	27,440	2,030			29,470
Other	11,022	2,264			13,286
Totals	$ 471,505	$ 27,500	$ -	$ 3,800	$ 495,205

NOTE 4 - PENSION PLANS

A. Tennessee Consolidated Retirement System - The Tennessee Consolidated Retirement System (TCRS) is a defined benefit retirement plan covering general employees and teachers of the state as well as employees of political subdivisions who have elected coverage. Benefits are determined by a formula using the high five-year average salary and years of service of each employee. Contributions to the system are determined on an actuarial reserve basis and provide funding for both normal and accrued liability costs. The entry age normal method, a projected benefit cost method, is used to value the plan. Effective July 1981, pursuant to non-contributory legislation, contributions of up to 5% of the earnable compensation of most classes of general employees, formerly paid by those employees, were assumed by the state. This legislation similarly affected electing political subdivisions and their employees.

It is the policy of the state to fund pension costs accrued. For the year ended June 30, 1982 the state contributed $247 million to the plan and state employees and teachers contributed $39.8 million. These contributions included funding for a cost-of-living provision and amortization of the accrued liability on an actuarial basis over a 40-year period which began in 1975.

An experience study of the system is conducted every four years, the most recent being as of June 30, 1980. A new set of assumptions resulted from this study, the most significant being a 7% interest rate (formerly 6%), a 6% annual salary growth (formerly 4 1/2%), greater post-retirement survivorship and increased employee turnover. The effect of using these new assumptions in the 1981 valuation is described below.

An actuarial valuation is made every two years, the most recent having been completed as of June 30, 1981. For actuarial purposes, the former practice of valuing all investments on the basis of a five-year moving market average was changed to one of valuing equity securities in that manner and debt securities at amortized cost. This change resulted in a $172 million increase (8.8%) in net assets. At June 30, 1981 the actuarially computed present value of vested benefits exceeded the net assets of the pension fund by $776 million. This calculation includes the amount attributable to political subdivisions ($80 million) as well as the liability associated with a closed group of University of Tennessee faculty who participate in the Teachers Insurance and Annuity Association retirement plan (TIAA-CREF), described in B. below. Had the actuarial assumptions underlying the current valuation remained the same as those used in 1979, the "excess of vested benefits over net assets" amount would have increased to $1 billion at June 30, 1981. The unamortized accrued liability of the retirement system, based on the present value of benefits for past and future service, was estimated to be $2.1 billion at June 30, 1981. Of this amount, $255 million is attributable to political subdivisions for which the state assumes no liability.

B. Other than TCRS - Eligible faculty of the various state universities and community colleges may elect to become members of either TIAA-CREF, a privately-administered retirement plan, or the TCRS. The state assumes no liability for this group of TIAA-CREF members other than payment of contributions. During the year ended June 30, 1982 the state contributed $12.1 million to the TIAA-CREF plan.

A second, now-closed group of University of Tennessee faculty also participates in TIAA-CREF with certain supplemental benefits guaranteed by the state. Prior to fiscal year 1978 these guaranteed benefits were funded by the university on a pay-as-you-go basis; they since have been assumed by the TCRS and are included in the actuarial calculations disclosed in A. above.

C. Deferred Compensation - In 1981 a deferred compensation plan was initiated for state employees. All costs of administering and funding the plan are the responsibility of plan participants. The state makes no contributions. At June 30, 1982 some $4 million, including accumulated interest earnings, had been contributed by participating state employees to those financial institutions administering the plan's various investment options.

NOTE 5 - COMMITMENTS AND CONTINGENCIES

A. Annual and Sick Leave - It is the state's policy to record the cost of annual and sick leave when paid. State employees earn annual leave ranging from 1 to 2 days per month with maximum accumulations ranging from 30 to 42 days. At June 30, 1982 the estimated liability for accrued annual leave was $64 million. Generally, since sick leave (earned one day per month with unlimited accumulation) is paid only when an employee is absent due to illness, injury or related family death, there was no liability for sick leave at June 30, 1982. The estimated accumulated amount of unused sick leave at that date was $197 million.

B. Leases - The state has entered into various operating leases for land, buildings and equipment. All leases contain termination clauses providing for cancellation after 30, 60 or 90 days' written notice to lessors. In addition, all leases contain appropriation clauses indicating that continuation of the lease is subject to funding by the legislature. It is expected that in the normal course of business most of these leases will be replaced by similar leases. Expenditures for rent under leases for the years ended June 30, 1982 and 1981 amounted to $16.9 million and $17.6 million, respectively.

C. Highway Construction Projects - At June 30, 1982 the Department of Transportation had contractual commitments of approximately $111.4 million for construction of various highway projects. Funding of these future expenditures is expected to be received from federal grants ($98.4 million) and general obligation bond proceeds ($13 million).

D. Litigation - Since last year the most significant litigation against the state, a case involving inadequate prison conditions, has been concluded. Relief granted by the court enables the state to remedy these conditions over an extended period of time. Although the ultimate impact of this decision on future state operations cannot be ascertained at this time, it is management's opinion that the flexibility allowed by the court will permit the state to carry out the remedial plan without material adverse impact on the state's financial position. The state is also party to numerous other legal proceedings, many of which normally recur in governmental operations. In the opinions of the Attorney General and General Counsels for the colleges and universities, final settlement of these matters will have no material effect on the accompanying financial statements.

E. Federal Grants - The state has received federal grants for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is believed that any required reimbursements will not be material.

F. Loan Guarantees - Two state agencies, the Department of Economic and Community Development (E&CD), an agency of the General Fund, and the Tennessee Student Assistance Corporation (TSAC), a Nonexpendable Trust Fund, guarantee loans made by private lenders to industry and to students, respectively. The U. S. Department of Education (USDE) reinsures the student loans up to 100% of their principal amounts. At June 30, 1982 E&CD was guarantor of $808 thousand in industrial loans for which the state ultimately could become liable; and TSAC was guarantor of $221 million in student loans, substantially all of which were reinsured by the USDE. The state has no obligation under these student loan guarantees in the event of default.

G. Other - The state has custodial responsibility over some $30 million of U.S. Department of Agriculture food stamp coupons for which the state is liable in the event of loss. Also, it is the state's policy to fund as paid those claims against the state arising from employee negligence or employee injury/death while performing official duties.

Combining and Individual Fund Financial Statements

General Fund

The General Fund is maintained to account for all governmental financial resources and transactions not accounted for in another fund.

Budgetary Procedures and Control

In many respects Tennessee is similar to other states regarding the process leading to adoption of the annual budget. Utilizing zero-based budgeting concepts, the executive branch prepares a budget which is the result of a series of intradepartmental budget meetings and executive budget hearings. The executive budget is based on estimates of all available revenue sources.

The executive budget is presented to the legislature at the beginning of each annual session. The legislature conducts budget hearings through its Finance, Ways and Means committees. Each committee recommends a version of the Appropriation Act to its respective body for passage. Included in the Appropriation Act is the funding level for each major organizational entity within each department. After passage by each chamber, differences between the two versions, if any, are resolved in conference committee. The final version is passed by both houses and sent to the Governor for approval. Before signing the Appropriation Act, the Governor may veto or reduce any specific appropriation item. These adjustments are subject to being overridden by the legislature.

Once the final budget is passed and signed, it becomes the financial plan for the coming year's activities. A quarterly work program detailing anticipated revenues by source and expenditures by object is then developed for each organizational entity. The work program is entered into the state's centralized accounting system. The budgetary-accounting integration and the resulting periodic reports facilitate both management control and legislative overview of the state's financial operations. Any deviation from the funding levels as specified in the Appropriation Act must receive prior approval from both the appropriate executive decision-makers and the Finance, Ways and Means committees. Thus, there is a continuing interaction between the executive and legislative branches on budgetary matters.

Constitutional Spending Limitation

Tennessee was the first state to adopt a constitutional spending limitation. This was not a response to any spending or taxing excesses but was a public endorsement of the state's long standing record of sound fiscal management.

The March 1978 amendment to the Constitution limited the growth in spending by state government to the rate of growth exhibited by the state's economy. The legislature was directed to establish some measure of economic growth from which the permitted growth in spending could be calculated. Estimated growth in personal income was the measure so established.

The 1982-83 budget is the state's fourth budget to be prepared and enacted since passage of the spending limitation. The total budget is well within the statutory limit enacted to carry out the constitutional mandate. Although the effect of the constitutional spending limitation cannot be evaluated until it has been operative for a period of years, it is apparent that the long-term impact of the amendment on the continued operations and growth of state government could be substantial.

STATE OF TENNESSEE
BALANCE SHEET
GENERAL FUND
JUNE 30, 1982

(Expressed in Thousands)

ASSETS	JUNE 30, 1982	JUNE 30, 1981
CASH AND CASH EQUIVALENTS	$124,006	$ 98,160
RECEIVABLES:		
DUE FROM OTHER GOVERNMENTS	80,364	80,885
INTEREST	25,510	22,869
OTHER	225	469
INTERFUND RECEIVABLES (Note 2)	359	400
TOTAL ASSETS	$230,464	$202,783
LIABILITIES AND FUND BALANCE		
LIABILITIES:		
WARRANTS PAYABLE	$ 33,654	$ 36,124
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	116,685	95,881
ACCRUED PAYROLL AND RELATED DEDUCTIONS	14,576	14,140
INTERFUND PAYABLES (Note 2)	7,459	3,859
OTHER	1,078	787
TOTAL LIABILITIES	173,452	150,791
FUND BALANCE (Note 1):		
RESERVED FOR ENCUMBRANCES AND CONTRACTS	4,275	5,510
RESERVED FOR CONTINUING APPROPRIATIONS	7,900	6,711
RESERVED FOR APPROPRIATION AND OTHER REQUIREMENTS	2,000	5,404
RESERVED FOR OTHER SPECIFIC PURPOSES	8,036	8,233
UNRESERVED:		
DESIGNATED FOR REVENUE FLUCTUATIONS	31,000	22,500
DESIGNATED FOR CLAIMS AGAINST THE STATE	3,000	3,000
UNDESIGNATED	801	634
TOTAL FUND BALANCE	57,012	51,992
TOTAL LIABILITIES AND FUND BALANCE	$230,464	$202,783

See accompanying Notes to the Financial Statements.

STATE OF TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 1982

(Expressed in Thousands)

	FOR THE YEAR ENDED	
	JUNE 30, 1982	JUNE 30, 1981
REVENUES:		
TAXES	$1,629,770	$1,529,475
LICENSES, FEES AND PERMITS	26,753	25,829
INTEREST ON INVESTMENTS	71,243	60,975
FEDERAL	844,421	919,840
DEPARTMENTAL SERVICES	180,616	166,387
OTHER	8,614	5,954
TOTAL REVENUES	2,761,417	2,708,460
EXPENDITURES:		
GENERAL GOVERNMENT	148,332	174,804
EDUCATION	1,323,262	1,282,952
HEALTH AND SOCIAL SERVICES	1,035,710	1,028,512
LAW, JUSTICE AND PUBLIC SAFETY	176,741	162,520
RECREATION AND RESOURCES DEVELOPMENT	58,100	56,167
REGULATION OF BUSINESS AND PROFESSIONS	15,330	14,245
TOTAL EXPENDITURES	2,757,475	2,719,200
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	3,942	(10,740)
OTHER FINANCING SOURCES (USES):		
OPERATING TRANSFERS FROM (TO):		
SPECIAL REVENUE FUNDS	(2,538)	(3,600)
DEBT SERVICE FUND	1,830	(1,600)
CAPITAL PROJECTS FUND	8,746	(13,074)
ENTERPRISE FUNDS	(1,038)	(678)
INTERNAL SERVICE FUNDS	(1,181)	(1,613)
NONEXPENDABLE TRUST FUND	(5,088)	(5,346)
TOTAL OTHER FINANCING SOURCES (USES)	731	(25,911)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	4,673	(36,651)
FUND BALANCE, JULY 1	51,992	84,466
EQUITY TRANSFERS:		
FROM ENTERPRISE FUNDS	347	4,189
TO INTERNAL SERVICE FUNDS		(12)
FUND BALANCE, JUNE 30 (Note 2)	$ 57,012	$ 51,992

See accompanying Notes to the Financial Statements.

STATE OF TENNESSEE
STATEMENT OF REVENUES BY SOURCE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 1982

(Expressed in Thousands)

REVENUES BY SOURCE	FOR THE YEAR ENDED JUNE 30, 1982	JUNE 30, 1981
TAXES:		
SALES AND USE	$1,038,242	$ 969,561
GASOLINE	2,638	2,474
MOTOR VEHICLE REGISTRATION	3,753	4,937
INCOME	30,345	24,613
PRIVILEGE	26,445	28,291
GROSS RECEIPTS	99,242	89,032
BEER	9,494	7,805
ALCOHOLIC BEVERAGE	23,972	23,249
MIXED DRINK	8,368	7,286
FRANCHISE	33,511	29,705
EXCISE	167,835	160,965
INHERITANCE AND ESTATE	28,639	26,674
TOBACCO	78,442	77,058
BUSINESS	5,890	5,525
INSURANCE COMPANIES PREMIUM	63,927	62,143
RETALIATORY	2,543	2,314
SAVINGS AND LOAN ASSOCIATIONS	783	3,208
OTHER	5,701	4,635
	1,529,770	1,529,475
LICENSES, FEES AND PERMITS:		
MOTOR VEHICLE TITLE REGISTRATION FEES	3,147	3,090
DRIVERS LICENSES	9,444	9,388
ARRESTS, FINES AND FEES	2,617	2,797
REGULATORY BOARD FEES	4,906	4,695
OTHER	6,639	5,859
	26,753	25,829
INTEREST ON INVESTMENTS	71,243	60,975
FEDERAL:		
EARNED BY STATE DEPARTMENTS	844,421	897,787
REVENUE SHARING		22,053
	844,421	919,840
DEPARTMENTAL SERVICES:		
CHARGES TO THE PUBLIC	59,231	55,967
INTERDEPARTMENTAL CHARGES	101,759	93,364
CHARGES TO CITIES, COUNTIES, ETC.	19,626	17,056
	180,616	166,387
OTHER	8,614	5,954
TOTAL REVENUES BY SOURCE	$2,761,417	$2,708,460

See accompanying Notes to the Financial Statements.

STATE OF TENNESSEE
STATEMENT OF EXPENDITURES BY FUNCTION AND DEPARTMENT
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 1982

(Expressed in Thousands)

EXPENDITURES BY FUNCTION AND DEPARTMENT	FOR THE YEAR ENDED JUNE 30, 1982	JUNE 30, 1981
GENERAL GOVERNMENT		
LEGISLATIVE	$ 6,756	$ 6,626
SECRETARY OF STATE	1,806	1,339
COMPTROLLER	18,036	18,114
TREASURER	7,471	5,425
GOVERNOR	33,280	49,095
COMMISSIONS	24,879	24,712
FINANCE AND ADMINISTRATION	3,537	3,536
PERSONNEL	3,317	3,457
GENERAL SERVICES	12,625	11,827
REVENUE	25,028	23,281
OTHER	11,597	27,392
	148,332	174,804
EDUCATION	1,323,262	1,282,952
HEALTH AND SOCIAL SERVICES		
VETERANS AFFAIRS	848	873
EMPLOYMENT SECURITY	70,873	108,002
MENTAL HEALTH AND MENTAL RETARDATION	159,022	150,932
PUBLIC HEALTH	589,021	548,551
HUMAN SERVICES	215,946	220,154
	1,035,710	1,028,512
LAW, JUSTICE AND PUBLIC SAFETY		
JUDICIAL	31,457	28,550
CORRECTION	104,537	94,041
MILITARY	9,262	10,227
BUREAU OF CRIMINAL INVESTIGATION	5,421	3,924
SAFETY	26,064	25,778
	176,741	162,520
RECREATION AND RESOURCES DEVELOPMENT		
AGRICULTURE	8,480	8,103
TOURIST DEVELOPMENT	4,139	2,979
CONSERVATION	37,448	39,761
ECONOMIC AND COMMUNITY DEVELOPMENT	8,033	5,324
	58,100	56,167
REGULATION OF BUSINESS AND PROFESSIONS		
INSURANCE	8,836	8,125
BANKING	2,278	2,172
LABOR	4,216	3,948
	15,330	14,245
TOTAL EXPENDITURES BY FUNCTION AND DEPARTMENT	$2,757,475	$2,719,200

See accompanying Notes to the Financial Statements.

STATE OF TENNESSEE
STATEMENT OF EXPENDITURES BY OBJECT
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 1982

(Expressed in Thousands)

EXPENDITURES BY OBJECT	FOR THE YEAR ENDED JUNE 30, 1982	JUNE 30, 1981
PERSONAL SERVICES	$ 425,476	$ 420,167
EMPLOYEE BENEFITS	91,656	69,368
TRAVEL	18,627	19,560
PRINTING, DUPLICATING AND FILM PROCESSING	7,787	7,784
UTILITIES AND FUEL	23,487	20,526
COMMUNICATION AND SHIPPING COSTS	19,546	17,651
MAINTENANCE, REPAIRS AND SERVICES	6,225	6,027
PROFESSIONAL AND ADMINISTRATIVE SERVICES	91,885	90,496
SUPPLIES	73,948	81,023
RENTALS AND INSURANCE	10,444	10,951
MOTOR VEHICLE OPERATION	4,437	4,063
AWARDS AND INDEMNITIES	5,313	4,007
GRANTS AND SUBSIDIES	1,960,490	1,951,666
ITEMS FOR RESALE, REISSUE OR MANUFACTURE	6,885	5,759
EQUIPMENT	7,836	7,244
LAND	121	220
BUILDINGS	3,312	2,688
TOTAL EXPENDITURES BY OBJECT	$2,757,475	$2,719,200

See accompanying Notes to the Financial Statements.

Special Revenue Funds

Specific revenues, earmarked to finance particular activities of government, are accounted for in the Special Revenue Funds. A brief description of each fund follows.

Highway Fund - This fund is maintained to account for revenues and expenditures associated with programs of the Department of Transportation. Funding of these programs is accomplished primarily from dedicated highway user taxes and funds received from the various federal transportation agencies. All federal funds accruing to the Highway Fund are received on a reimbursement basis covering costs incurred. It is the state's practice to appropriate matching dollars for jointly funded projects in the year of federal apportionment. This front-end state funding, together with multi-year disbursements on most projects, results in large cash balances in this fund. The State Treasurer invests these moneys, income from which is deposited in the General Fund.

Employment Security Fund - This fund is maintained to account for the collection of unemployment contributions from employers and the payment of unemployment benefits to eligible claimants. Funds are also received from the federal government for local office building construction, supplemental unemployment programs and work incentive payments. As required by law, all funds not necessary for current benefit payments are placed on deposit with the U. S. Treasury. Interest earned from these moneys is retained in the fund. Administrative and operational expenses incurred by the Department of Employment Security are expenditures of the General Fund.

Other Special Revenue Funds - There are five agencies included in this group, as follows:

1. Public Service Commission - The commission is responsible for executing and enforcing all statutes governing railroads, utilities and motor carriers. They also assess these groups for ad valorem taxes. Revenues are derived principally from filing and inspection fees;

2. Criminal Injuries Compensation - The Board of Claims administers this fund for the award of compensation, not to exceed $10,000, to victims (or their dependents) who suffer personal injury or death as a result of a criminal act. The primary revenue source is the privilege tax levied by the courts at the time of conviction of the offender;

3. Abandoned Land Program - This program is administered by the Department of Conservation. Revenues collected from surface mining permit fees and forfeited performance bonds are used to reclaim and restore lands affected by abandoned mining operations;

4. Wildlife Resources Agency - This agency is responsible for the preservation, management, enhancement and protection of the state's wildlife resources and their environs. An additional responsibility is the enforcement of boating safety on state lakes and streams. Revenues are derived principally from hunting and fishing licenses, fees and permits;

5. Driver Education - This program is designed and coordinated by the Departments of Education and Safety. Highway safety is promoted by providing driver education, instruction and training in schools, colleges and community organizations. The $2 fee for moving traffic violations is the source of funding for this program.

STATE OF TENNESSEE
COMBINING BALANCE SHEET
ALL SPECIAL REVENUE FUNDS
JUNE 30, 1982

(Expressed in Thousands)

ASSETS	HIGHWAY	EMPLOYMENT SECURITY	OTHER	TOTALS JUNE 30, 1982	JUNE 30, 1981
CASH AND CASH EQUIVALENTS	$ 226,553	$ 1,715	$ 11,709	$239,977	$219,808
CASH ON DEPOSIT WITH FISCAL AGENT		78,861		78,861	164,877
RECEIVABLES, net of allowance for uncollectibles of $12,800 in 1982 and $11,579 in 1981 (Note 1)	50,381	6,018	733	57,132	57,135
INTERFUND RECEIVABLES (Note 2)	7,185	312		7,497	
INVENTORIES, at cost	7,112			7,112	6,247
TOTAL ASSETS	$ 291,231	$ 86,906	$ 12,442	$390,579	$448,067
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
WARRANTS PAYABLE	$ 13,330	$ 3,890	$ 705	$ 17,925	$ 15,042
ACCOUNTS PAYABLE AND ACCRUALS	33,392	15,898	685	49,975	54,197
INTERFUND PAYABLES (Note 2)	655		74	729	710
OTHER	17,237		1	17,238	221
TOTAL LIABILITIES	64,614	19,788	1,465	85,867	70,170
FUND BALANCES (Note 1):					
RESERVED FOR INVENTORIES	7,112			7,112	6,247
RESERVED FOR ENCUMBRANCES AND CONTRACTS	133,060		112	133,172	138,499
RESERVED FOR OTHER SPECIFIC PURPOSES	73,936	67,118	10,865	151,919	223,283
UNRESERVED	12,509			12,509	9,868
TOTAL FUND BALANCES	226,617	67,118	10,977	304,712	377,897
TOTAL LIABILITIES AND FUND BALANCES	$ 291,231	$ 86,906	$ 12,442	$390,579	$448,067

See accompanying Notes to the Financial Statements.

STATE OF TENNESSEE
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 1982

(Expressed in Thousands)

	HIGHWAY	EMPLOYMENT SECURITY	OTHER	TOTALS FOR THE YEAR ENDED JUNE 30, 1982	JUNE 30, 1981
REVENUES:					
TAXES	$ 233,130	$193,053		$426,183	$335,611
LICENSES, FEES AND PERMITS	98		$ 18,432	18,530	14,530
INTEREST		13,026		13,026	17,886
FEDERAL	187,860	50,580	3,203	241,643	337,100
DEPARTMENTAL SERVICES	10,262	2,152	1,520	13,934	15,307
OTHER	4,531			4,531	1,858
TOTAL REVENUES	435,881	258,811	23,155	717,847	722,292
EXPENDITURES:					
TRANSPORTATION	429,587			429,587	447,850
PAYMENTS TO CLAIMANTS		344,493		344,493	355,447
REFUNDS		329		329	371
GENERAL GOVERNMENT			5,286	5,286	4,380
EDUCATION			698	698	695
LAW, JUSTICE AND PUBLIC SAFETY			223	223	195
RECREATION AND RESOURCES DEVELOPMENT			12,931	12,931	12,199
TOTAL EXPENDITURES	429,587	344,822	19,138	793,547	821,137
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	6,294	(86,011)	4,017	(75,700)	(98,845)
OTHER FINANCING SOURCES (USES):					
OPERATING TRANSFER FROM (TO) GENERAL FUND	2,602		(64)	2,538	3,600
OPERATING TRANSFER FROM DEBT SERVICE FUND					5,800
OPERATING TRANSFER TO PENSION TRUST FUND			(23)	(23)	(29)
TOTAL OTHER FINANCING SOURCES (USES)	2,602		(87)	2,515	9,371
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	8,896	(86,011)	3,930	(73,185)	(89,474)
FUND BALANCES, JULY 1	217,721	153,129	7,047	377,897	467,371
FUND BALANCES, JUNE 30 (Note 2)	$ 226,617	$ 67,118	$ 10,977	$304,712	$377,897

See accompanying Notes to the Financial Statements.

STATE OF TENNESSEE
COMBINING BALANCE SHEET
OTHER SPECIAL REVENUE FUNDS
JUNE 30, 1982

(Expressed in Thousands)

ASSETS	PUBLIC SERVICE COMMISSION	CRIMINAL INJURIES COMPENSATION	ABANDONED LAND PROGRAM	WILDLIFE RESOURCES AGENCY	DRIVER EDUCATION	TOTALS JUNE 30, 1982	TOTALS JUNE 30, 1981
CASH AND CASH EQUIVALENTS	$ 1,287	$ 330	$ 1,060	$ 8,520	$ 512	$ 11,709	$ 7,786
RECEIVABLES				733		733	556
TOTAL ASSETS	$ 1,287	$ 330	$ 1,060	$ 9,253	$ 512	$ 12,442	$ 8,342
LIABILITIES AND FUND BALANCES							
LIABILITIES:							
WARRANTS PAYABLE	$ 169	$ 168	$ 4	$ 363	$ 1	$ 705	$ 513
ACCOUNTS PAYABLE AND ACCRUALS	44		24	558	59	885	709
INTERFUND PAYABLES (NOTE 2)			1	72	1	74	72
OTHER	1					1	1
TOTAL LIABILITIES	214	168	29	993	61	1,465	1,295
FUND BALANCES (NOTE 1):							
RESERVED FOR ENCUMBRANCES AND CONTRACTS			22	88	2	112	311
RESERVED FOR OTHER SPECIFIC PURPOSES	1,073	162	1,009	8,172	449	10,865	6,736
TOTAL FUND BALANCES	1,073	162	1,031	8,260	451	10,977	7,047
TOTAL LIABILITIES AND FUND BALANCES	$ 1,287	$ 330	$ 1,060	$ 9,253	$ 512	$ 12,442	$ 8,342

STATE OF TENNESSEE
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
OTHER SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 1982

(Expressed in Thousands)

	PUBLIC SERVICE COMMISSION	CRIMINAL INJURIES COMPENSATION	ABANDONED LAND PROGRAM	WILDLIFE RESOURCES AGENCY	DRIVER EDUCATION	TOTALS FOR THE YEAR ENDED JUNE 30, 1982	TOTALS FOR THE YEAR ENDED JUNE 30, 1981
REVENUES:							
LICENSES, FEES AND PERMITS	$ 3,619	$ 1,269	$ 480	$ 12,269	$ 795	$ 18,432	$ 14,438
FEDERAL	111			3,092		3,203	3,343
DEPARTMENTAL SERVICES	563			957		1,520	1,251
TOTAL REVENUES	4,293	1,269	480	16,318	795	23,155	19,032
EXPENDITURES:							
GENERAL GOVERNMENT	3,996	1,290				5,286	4,380
EDUCATION					698	698	695
LAW, JUSTICE AND PUBLIC SAFETY					223	223	195
RECREATION AND RESOURCES DEVELOPMENT			613	12,318		12,931	12,199
TOTAL EXPENDITURES	3,996	1,290	613	12,318	921	19,138	17,469
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	297	(21)	(133)	4,000	(126)	4,017	1,563
OTHER FINANCING USES:							
OPERATING TRANSFER TO GENERAL FUND				(64)		(64)	(110)
OPERATING TRANSFER TO PENSION TRUST FUND	(23)					(23)	(29)
TOTAL OTHER FINANCING USES	(23)			(64)		(87)	(139)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER USES	274	(21)	(133)	3,936	(126)	3,930	1,424
FUND BALANCES, JULY 1	799	183	1,164	4,324	577	7,047	5,623
FUND BALANCES, JUNE 30 (NOTE 2)	$ 1,073	$ 162	$ 1,031	$ 8,260	$ 451	$ 10,977	$ 7,047

See accompanying Notes to the Financial Statements.

STATE OF TENNESSEE
BALANCE SHEET
HIGHWAY FUND
JUNE 30, 1982

(Expressed in Thousands)

ASSETS	JUNE 30, 1982	JUNE 30, 1981
CASH AND CASH EQUIVALENTS	$226,553	$207,706
DUE FROM OTHER GOVERNMENTS	50,381	51,187
INTERFUND RECEIVABLES (Note 2)	7,185	
INVENTORIES , at cost	7,112	6,247
TOTAL ASSETS	$291,231	$265,140
LIABILITIES AND FUND BALANCE		
LIABILITIES:		
WARRANTS PAYABLE	$ 13,330	$ 9,838
ACCOUNTS PAYABLE AND ACCRUALS:		
ACCOUNTS PAYABLE	27,916	31,750
CONTRACT RETAINAGE	3,019	2,635
ACCRUED PAYROLL AND RELATED DEDUCTIONS	2,457	2,338
INTERFUND PAYABLES (Note 2)	655	638
DEFERRED REVENUE	16,920	
OTHER	317	220
TOTAL LIABILITIES	64,614	47,419
FUND BALANCE (Note 1):		
RESERVED FOR INVENTORIES	7,112	6,247
RESERVED FOR ENCUMBRANCES AND CONTRACTS	133,060	138,188
RESERVED FOR OTHER SPECIFIC PURPOSES:		
INTERSTATE HIGHWAYS	9,851	7,923
PRIMARY SYSTEM	10,300	9,852
URBAN HIGHWAYS	726	1,646
SECONDARY ROADS	5,152	6,843
APPALACHIA HIGHWAYS AND ACCESS ROUTES	11,612	2,917
RURAL ROADS	5,241	6,607
METROPOLITAN URBAN SYSTEMS	3,872	3,560
BRIDGE REPLACEMENT	15,907	12,238
HIGHWAY SAFETY CONSTRUCTION	5,881	5,475
OTHERS	5,394	6,357
UNRESERVED	12,509	9,868
TOTAL FUND BALANCE	226,617	217,721
TOTAL LIABILITIES AND FUND BALANCE	$291,231	$265,140

See acompanying Notes to the Financial Statements.

STATE OF TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
HIGHWAY FUND
FOR THE YEAR ENDED JUNE 30, 1982

(Expressed in Thousands)

	FOR THE YEAR ENDED	
	JUNE 30, 1982	JUNE 30, 1981
REVENUES:		
TAXES	$233,130	$181,711
LICENSES	98	92
FEDERAL	187,860	249,193
DEPARTMENTAL SERVICES	10,262	11,776
OTHER	4,531	1,858
TOTAL REVENUES	435,881	444,630
EXPENDITURES:		
INTERSTATE HIGHWAY CONSTRUCTION	78,909	122,752
PRIMARY SYSTEM CONSTRUCTION	38,923	26,803
APPALACHIA CONSTRUCTION	37,424	38,823
STATE SYSTEM CONSTRUCTION	45,001	49,926
OTHER CONSTRUCTION	107,088	121,509
MAINTENANCE AND MARKING	85,268	54,217
ADMINISTRATIVE AND OTHER	36,974	33,920
TOTAL EXPENDITURES	429,587	447,850
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	6,294	(3,220)
OTHER FINANCING SOURCES:		
OPERATING TRANSFER FROM GENERAL FUND	2,602	3,710
OPERATING TRANSFER FROM DEBT SERVICE FUND		5,800
TOTAL OTHER FINANCING SOURCES	2,602	9,510
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES	8,896	6,290
FUND BALANCE, JULY 1	217,721	211,431
FUND BALANCE, JUNE 30 (Note 2)	$226,617	$217,721

See accompanying Notes to the Financial Statements.

STATE OF TENNESSEE
STATEMENT OF REVENUES BY SOURCE
HIGHWAY FUND
FOR THE YEAR ENDED JUNE 30, 1982

(Expressed in Thousands)

REVENUES BY SOURCE	FOR THE YEAR ENDED JUNE 30, 1982	JUNE 30, 1981
TAXES:		
GASOLINE	$ 83,820	$ 58,737
MOTOR FUEL	29,947	19,807
GASOLINE INSPECTION	17,481	18,319
MOTOR VEHICLE REGISTRATION	101,882	84,848
	233,130	181,711
OUTDOOR ADVERTISING LICENSES	98	92
FEDERAL	187,860	243,193
DEPARTMENTAL SERVICES:		
CITIES AND COUNTIES	5,897	7,683
STATE AGENCIES	4,365	4,093
OTHER - SALE OF EQUIPMENT, PLANS, ETC.	4,531	1,858
TOTAL REVENUES BY SOURCE	$435,881	$444,630

STATE OF TENNESSEE
STATEMENT OF EXPENDITURES BY OBJECT
HIGHWAY FUND
FOR THE YEAR ENDED JUNE 30, 1982

(Expressed in Thousands)

EXPENDITURES BY OBJECT	FOR THE YEAR ENDED JUNE 30, 1982	JUNE 30, 1981
PERSONAL SERVICES	$ 68,078	$ 67,432
EMPLOYEE BENEFITS	16,543	11,009
TRAVEL	587	568
PRINTING, DUPLICATING AND FILM PROCESSING	473	450
UTILITIES AND FUEL	1,257	1,063
COMMUNICATION AND SHIPPING COSTS	1,056	817
MAINTENANCE, REPAIRS AND SERVICES	354	297
PROFESSIONAL AND ADMINISTRATIVE SERVICES	10,220	11,351
SUPPLIES	8,810	6,338
RENTALS AND INSURANCE	511	485
MOTOR VEHICLE OPERATION	2,099	1,669
AWARDS AND INDEMNITIES	693	459
GRANTS AND SUBSIDIES	7,943	5,109
ITEMS FOR RESALE, REISSUE OR MANUFACTURE	11,916	12,265
EQUIPMENT	4,086	1,856
LAND	32,115	19,225
BUILDINGS	301	105
HIGHWAY CONSTRUCTION	262,545	307,352
TOTAL EXPENDITURES BY OBJECT	$429,587	$447,850

See accompanying Notes to the Financial Statements.

Debt Service Fund

The Debt Service Fund is maintained to account for accumulation of resources for, and the payment of, principal and interest on general long-term debt.

STATE OF TENNESSEE
BALANCE SHEET
DEBT SERVICE FUND
JUNE 30, 1982

(Expressed in Thousands)

ASSETS	JUNE 30, 1982	JUNE 30, 1981
CASH AND CASH EQUIVALENTS	$ 19,352	$ 15,056
PREPAYMENTS	2	3
TOTAL ASSETS	$ 19,354	$ 15,059
LIABILITIES AND FUND BALANCE		
LIABILITIES:		
WARRANTS PAYABLE	$ 26	$ 3
MATURED BONDS AND INTEREST PAYABLE	186	363
ACCRUED INTEREST ON BOND ANTICIPATION NOTES	3,888	
TOTAL LIABILITIES	4,100	366
FUND BALANCE (Note 1):		
RESERVED FOR CAPITAL OUTLAY AND BOND CANCELLATION	12,818	11,796
UNRESERVED	2,436	2,897
TOTAL FUND BALANCE	15,254	14,693
TOTAL LIABILITIES AND FUND BALANCE	$ 19,354	$ 15,059

STATE OF TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 1982

(Expressed in Thousands)

	FOR THE YEAR ENDED	
	JUNE 30, 1982	JUNE 30, 1981
REVENUES:		
TAXES:		
SALES AND USE	$ 12,363	$ 11,545
GASOLINE	29,300	29,300
FRANCHISE	16,000	16,000
EXCISE	39,000	34,100
	96,663	90,945
FEDERAL	92	96
OTHER	89	5
TOTAL REVENUES	96,844	91,046
EXPENDITURES:		
BOND PRINCIPAL RETIREMENT	51,125	51,125
BOND INTEREST	28,324	29,620
NOTE INTEREST	5,975	
OTHER	63	29
TOTAL EXPENDITURES	85,487	80,774
EXCESS OF REVENUES OVER EXPENDITURES	11,357	10,272
OTHER FINANCING SOURCES (USES):		
OPERATING TRANSFER FROM (TO) GENERAL FUND	(1,830)	1,600
OPERATING TRANSFER TO CAPITAL PROJECTS FUND	(8,966)	(8,400)
OPERATING TRANSFER TO HIGHWAY FUND		(5,800)
TOTAL OTHER FINANCING SOURCES (USES)	(10,796)	(12,600)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	561	(2,328)
FUND BALANCE, JULY 1	14,693	17,021
FUND BALANCE, JUNE 30	$ 15,254	$ 14,693

See accompanying Notes to the Financial Statements.

Capital Projects Fund

The Capital Projects Fund is maintained to account for the acquisition or construction of major governmental general fixed assets financed principally by long-term bonds.

STATE OF TENNESSEE
BALANCE SHEET
CAPITAL PROJECTS FUND
JUNE 30, 1982

(Expressed in Thousands)

ASSETS	JUNE 30, 1982	JUNE 30, 1981
CASH AND CASH EQUIVALENTS	$ 161,312	$ 81,396
DUE FROM OTHER GOVERNMENTS	1,886	1,178
TOTAL ASSETS	$ 163,198	$ 82,574
LIABILITIES AND FUND BALANCE		
LIABILITIES:		
WARRANTS PAYABLE	$ 1,662	$ 3,343
ACCOUNTS PAYABLE	4,788	7,865
NOTES PAYABLE	146,300	
OTHER	300	385
TOTAL LIABILITIES	153,050	11,593
FUND BALANCE (DEFICIT) (Note 1):		
RESERVED FOR ENCUMBRANCES AND CONTRACTS	16,018	32,587
RESERVED FOR APPROVED CAPITAL PROJECTS		20,167
RESERVED FOR FUTURE CAPITAL PROJECTS	5,151	18,227
UNRESERVED (Note 2)	(11,021)	
TOTAL FUND BALANCE	10,148	70,981
TOTAL LIABILITIES AND FUND BALANCE	$ 163,198	$ 82,574

STATE OF TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 1982

(Expressed in Thousands)

	FOR THE YEAR ENDED	
	JUNE 30, 1982	JUNE 30, 1981
REVENUES:		
FEDERAL	$ 4,318	$ 2,518
DEPARTMENTAL SERVICES	1,648	525
TOTAL REVENUES	5,966	3,043
EXPENDITURES:		
GENERAL GOVERNMENT	10,764	9,662
EDUCATION	38,910	54,610
HEALTH AND SOCIAL SERVICES	5,691	8,751
LAW, JUSTICE AND PUBLIC SAFETY	5,936	8,931
RECREATION AND RESOURCES DEVELOPMENT	5,718	9,024
TOTAL EXPENDITURES	67,019	90,978
EXCESS OF EXPENDITURES OVER REVENUES	(61,053)	(87,935)
OTHER FINANCING SOURCES (USES):		
PROCEEDS FROM BOND SALE		38,300
OPERATING TRANSFER FROM (TO) GENERAL FUND	(8,746)	13,074
OPERATING TRANSFER FROM DEBT SERVICE FUND	8,966	8,400
TOTAL OTHER FINANCING SOURCES (USES)	220	59,774
EXCESS OF EXPENDITURES AND OTHER USES OVER REVENUES AND OTHER SOURCES	(60,833)	(28,161)
FUND BALANCE, JULY 1	70,981	99,142
FUND BALANCE, JUNE 30	$ 10,148	$ 70,981

See accompanying Notes to the Financial Statements.

Enterprise Funds

The Enterprise Funds are used to account for the operations of state agencies that provide goods or services to the general public on a user charge basis. The state's enterprise operations are described below.

Housing Development Agency - Created by the legislature in 1973, the purpose of this agency is to improve the quality of housing available to lower and moderate income Tennesseans. This objective is accomplished in part by (1) making funds available for loans for residential construction or rehabilitation, (2) making or participating in the making of insured mortgage loans and (3) purchasing existing mortgages from lending institutions. These programs are funded primarily from the sale of revenue bonds or notes.

Industries for the Blind - Two agencies, A. P. Mills Industries (located in Memphis) and Mason Brandon Industries (located in Nashville), offer training and employment for the visually disabled. These sheltered workshops manufacture mops and brooms and perform various other types of assembly and contract work. Effective July 1, 1982 the state contracted with the Lions Club for the operation and management of Mason Brandon Industries. A similar contract is being negotiated for A. P. Mills Industries.

Local Environmental Loan - The operations of two enterprises are included in this group, as follows:

1. State Loan Program, operated since the early 1970's through the Department of Public Health, has provided financial assistance to local governments and utility districts for the construction of sewage treatment, solid waste recovery and waterworks facilities. In order for these borrowing entities to generate funds necessary to repay the loans, the imposition of a user's fee by the local systems was authorized. In order to finance this program, general obligation bonds were sold which, although remaining full faith and credit obligations of the state, are being retired from resources of this fund. Future financing for this program will be generated from the sale of revenue bonds or notes by the Local Development Authority.

2. Local Development Authority was created in 1978 for the purpose of providing to local governments, through the issuing of revenue bonds or notes, the financing assistance previously provided by the State Loan Program. In addition, the Authority may assist small business concerns in financing pollution control facilities and farmers in financing certain capital improvements.

Other - Three smaller enterprise operations are included in this group, as follows:

1. Federal Property Utilization, a division of the Department of General Services - This agency receives surplus federal property and redistributes it to civil defense units, health and educational institutions and other eligible donees within the state. The agency collects fees from the donees to offset operating costs.

2. State Employees' Cafeterias, also a division of the Department of General Services - This Nashville division operates two cafeterias for the convenience of state employees, one in the Andrew Jackson State Office Building and another in the Legislative Plaza.

3. Housing Rehabilitation Corporation - Established in 1973, this corporation's purpose is to provide a means of encouraging the rehabilitation of existing housing. To facilitate this objective the corporation insures first mortgage loans on existing houses and insures loans for home improvements. Although they have received state appropriations in the past, it is intended that the corporation be self-funded with revenues from investments, fees and premium income.

STATE OF TENNESSEE
COMBINING BALANCE SHEET
ALL ENTERPRISE FUNDS
JUNE 30, 1982

(Expressed in Thousands)

ASSETS	HOUSING DEVELOPMENT AGENCY	INDUSTRIES FOR THE BLIND	LOCAL ENVIRONMENTAL LOAN	OTHER	TOTALS JUNE 30, 1982	TOTALS JUNE 30, 1981
CURRENT ASSETS:						
CASH AND CASH EQUIVALENTS	$ 80,175	$ 49	$ 50,687	$ 1,447	$ 132,358	$ 88,388
RECEIVABLES:						
ACCOUNTS, net of allowance for uncollectibles of $17	1,159	255		78	1,492	809
INTEREST	7,647		153		7,800	6,691
FIRST MORTGAGE LOANS - CURRENT PORTION	4,150				4,150	3,400
DUE FROM OTHER GOVERNMENTS - CURRENT PORTION			2,065		2,065	1,725
INVENTORIES, at cost		309		9	318	402
TOTAL CURRENT ASSETS	93,131	613	52,905	1,534	148,183	101,415
OTHER ASSETS:						
LONG-TERM INVESTMENTS, at cost	52,012				52,012	44,220
FIRST MORTGAGE LOANS RECEIVABLE	416,214				416,214	388,196
DUE FROM OTHER GOVERNMENTS			131,026		131,026	106,867
DEFERRED CHARGES	9,519				9,519	8,947
TOTAL OTHER ASSETS	477,745		131,026		609,771	548,230
MACHINERY AND EQUIPMENT, at cost	51	148		458	657	849
LESS ACCUMULATED DEPRECIATION	(18)	(96)		(280)	(394)	(497)
TOTAL FIXED ASSETS	33	52		178	263	352
TOTAL ASSETS	$ 570,909	$ 665	$ 183,931	$ 1,712	$ 757,217	$649,997
LIABILITIES AND FUND EQUITY						
LIABILITIES:						
CURRENT LIABILITIES:						
WARRANTS PAYABLE	$ 976	$ 34		$ 41	$ 1,051	$ 2,048
ACCOUNTS PAYABLE AND ACCRUALS	21,172	135	$ 9,425	44	30,776	14,173
INTERFUND PAYABLES (Note 2)	12	76		6	94	28
NOTES PAYABLE (Note 3)			90,675		90,675	49,730
CURRENT PORTION OF LONG - TERM DEBT (Note 3)	11,115		2,065		13,180	11,155
DEFERRED REVENUE	2,095			4	2,099	433
TOTAL CURRENT LIABILITIES	35,370	245	102,165	95	137,875	77,567
LONG-TERM DEBT - BONDS PAYABLE (Note 3)	499,145		76,205		575,350	538,530
TOTAL LIABILITIES	534,515	245	178,370	95	713,225	616,097
FUND EQUITY (Note 2):						
CONTRIBUTED CAPITAL		945		1,493	2,438	3,483
RETAINED EARNINGS (DEFICIT):						
RESERVED FOR BOND RETIREMENT	10,085		5,561		15,646	11,778
UNRESERVED	26,309	(525)		124	25,908	18,639
TOTAL FUND EQUITY	36,394	420	5,561	1,617	43,992	33,900
TOTAL LIABILITIES AND FUND EQUITY	$ 570,909	$ 665	$ 183,931	$ 1,712	$ 757,217	$649,997

See accompanying Notes to the Financial Statements.

STATE OF TENNESSEE
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND EQUITY
ALL ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 1982

(Expressed in Thousands)

	HOUSING DEVELOPMENT AGENCY	INDUSTRIES FOR THE BLIND	LOCAL ENVIRONMENTAL LOAN	OTHER	TOTALS FOR THE YEAR ENDED JUNE 30, 1982	TOTALS FOR THE YEAR ENDED JUNE 30, 1981
OPERATING REVENUES:						
CHARGES FOR SERVICES	$ 138	$1,766		$ 1,344	$ 3,248	$ 3,831
INTEREST INCOME	47,622		$ 7,211	149	54,982	48,717
INTERGOVERNMENTAL	11,212		7,892		19,104	14,451
TOTAL OPERATING REVENUES	58,972	1,766	15,103	1,493	77,334	66,999
OPERATING EXPENSES:						
PERSONAL SERVICES	1,406	1,190		819	3,415	3,051
CONTRACTUAL SERVICES	254	211	906	94	1,465	464
MATERIALS AND SUPPLIES	30	1,147		394	1,571	1,553
RENTALS AND INSURANCE	199			5	204	70
MORTGAGE SERVICE FEES	1,228				1,228	1,128
GRANTS AND SUBSIDIES	11,212				11,212	9,819
INTEREST	34,994		12,762		47,756	39,114
DEPRECIATION AND AMORTIZATION	421	24		36	481	425
OTHER	250	16		19	285	243
TOTAL OPERATING EXPENSES	49,994	2,588	13,668	1,367	67,617	55,867
OPERATING INCOME (LOSS)	8,978	(822)	1,435	126	9,717	11,132
OPERATING TRANSFER FROM GENERAL FUND		1,038			1,038	678
NET INCOME/CHANGE IN RETAINED EARNINGS	8,978	216	1,435	126	10,755	11,810
OTHER CHANGES IN FUND EQUITY:						
EQUITY TRANSFER TO GENERAL FUND		(347)			(347)	(4,189)
LOSS ON DISPOSAL OF MASON BRANDON INDUSTRIES		(316)			(316)	
NET CHANGE IN FUND EQUITY	8,978	(447)	1,435	126	10,092	7,621
FUND EQUITY, JULY 1	27,416	867	4,126	1,491	33,900	26,279
FUND EQUITY, JUNE 30 (Note 2)	$ 36,394	$ 420	$ 5,561	$ 1,617	$ 43,992	$ 33,900

See accompanying Notes to the Financial Statements.

STATE OF TENNESSEE
COMBINING STATEMENT OF CHANGES IN FINANCIAL POSITION
ALL ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 1982

(Expressed in Thousands)

	HOUSING DEVELOPMENT AGENCY	INDUSTRIES FOR THE BLIND	LOCAL ENVIRONMENTAL LOAN	OTHER	TOTALS FOR THE YEAR ENDED JUNE 30, 1982	JUNE 30, 198
SOURCES OF WORKING CAPITAL:						
OPERATIONS:						
NET INCOME	$ 8,978	$ 216	$ 1,435	$ 126	$ 10,755	$ 11,810
ITEMS NOT REQUIRING WORKING CAPITAL - DEPRECIATION AND AMORTIZATION	421	24		36	481	425
WORKING CAPITAL PROVIDED BY OPERATIONS	9,399	240	1,435	162	11,236	12,235
PROCEEDS FROM SALE OF BONDS	50,000				50,000	96,270
DISPOSAL OF MACHINERY AND EQUIPMENT		71		23	94	
TOTAL SOURCES OF WORKING CAPITAL	59,399	311	1,435	185	61,330	108,505
USES OF WORKING CAPITAL:						
PURCHASE OF LONG-TERM INVESTMENTS	7,792				7,792	5,631
INCREASE IN FIRST MORTGAGE LOANS RECEIVABLE	28,018				28,018	101,016
INCREASE IN LOANS TO OTHER GOVERNMENTS			24,159		24,159	23,514
INCREASE IN DEFERRED CHARGES	943				943	745
ACQUISITION OF MACHINERY AND EQUIPMENT	11	17		87	115	7
DECREASE IN LONG-TERM DEBT	11,115		2,065		13,180	11,210
EQUITY TRANSFER TO GENERAL FUND		347			347	4,189
LOSS ON DISPOSAL OF MASON BRANDON INDUSTRIES		316			316	
TOTAL USES OF WORKING CAPITAL	47,879	680	26,224	87	74,870	146,312
NET INCREASE (DECREASE) IN WORKING CAPITAL	$ 11,520	$ (369)	$ (24,789)	$ 98	$ (13,540)	$(37,807)
ELEMENTS OF NET INCREASE (DECREASE) IN WORKING CAPITAL:						
CASH AND CASH EQUIVALENTS	$ 23,529	$ (159)	$ 20,532	$ 75	$ 43,977	$(30,185)
ACCOUNTS RECEIVABLE, net of allowance for uncollectibles	737	(43)		(11)	683	(2,384)
INTEREST RECEIVABLE	985		124		1,109	(101)
FIRST MORTGAGE LOANS RECEIVABLE	750				750	650
DUE FROM OTHER GOVERNMENTS			340		340	345
INVENTORIES		(82)		(2)	(84)	(39)
WARRANTS PAYABLE	(160)	1	1,156	(2)	995	(473)
ACCOUNTS PAYABLE AND ACCRUALS	(11,213)	(19)	(5,416)	42	(16,606)	856
INTERFUND PAYABLES	(1)	(67)			(68)	(1)
NOTES PAYABLE	240		(41,185)		(40,945)	(3,059)
CURRENT PORTION OF LONG-TERM DEBT	(1,685)		(340)		(2,025)	(3,115)
DEFERRED REVENUE	(1,662)			(4)	(1,666)	(301)
NET INCREASE (DECREASE) IN WORKING CAPITAL	$ 11,520	$ (369)	$ (24,789)	$ 98	$ (13,540)	$(37,807)

See accompanying Notes to the Financial Statements.

Internal Service Funds

The Internal Service Funds are used to account for the operations of state agencies that provide goods or services to other state agencies on a cost reimbursement basis. The following operations are included in these funds:

Information System Services, a division of the Department of Finance and Administration - This agency functions as the data processing service bureau for state government;

Motor Vehicle Management, a division of the Department of General Services - This division is responsible for administering a uniform program for the operation and maintenance of all state vehicles;

Printing, a division of the Department of General Services - This agency operates a printing facility to provide such services as general printing, typesetting and binding for state agencies located in Nashville and has responsibility for the installation and management of state-owned copier machines located in selected state agencies with high volume activity;

Building Management, a division of the Department of General Services -This division is responsible for the maintenance, repair and upkeep of selected state owned buildings located in Chattanooga, Memphis and Jackson;

Tennessee State Industries, a division of the Department of Correction - Located at the state prison in Nashville, the industries workshops manufacture furniture, license plates and other products for state, county and municipal offices and institutions;

Institutional Farms, also a division of the Department of Correction - Farming operations are conducted at four correctional sites in the state. Food crops are grown and animals are raised for sale and use within the system;

Tennessee State School Bond Authority (TSSBA) - Established in 1965, the TSSBA provides a mechanism for financing building projects for the state's universities. Agreements are executed between the governing boards of the institutions and the TSSBA, and revenue bonds are issued using the constructed facilities as collateral. Charges levied by the universities on users of the facilities provide the funds necessary for payment of principal and interest on bonds. Any collections in excess of these requirements are retained by the institutions to cover administrative fees, building maintenance and related costs;

Other - Three smaller internal service agencies are included in this group, as follows:

1. Legislative Services, a division of the Legislative branch - This division collects revenue from the printing and distribution of proposed bills, legislative calendars and other information during the legislative session;

2. Capitol Print Shop, a division of the Office of the Comptroller - This facility is responsible for providing printing, mailing and other office services for the state agencies located in the Capitol;

3. Postal Services, a division of the Department of General Services - This agency processes and distributes incoming, outgoing and interdepartmental mail for state agencies located in Nashville.

STATE OF TENNESSEE
COMBINING BALANCE SHEET
ALL INTERNAL SERVICE FUNDS
JUNE 30, 1982

(Expressed in Thousands)

ASSETS	INFORMATION SYSTEM SERVICES	MOTOR VEHICLE MANAGEMENT	GENERAL SERVICES PRINTING	BUILDING MANAGEMENT
CURRENT ASSETS:				
CASH AND CASH EQUIVALENTS	$ 4,133	$ 2,280	$ 1,659	$ 363
CASH ON DEPOSIT WITH FISCAL AGENT				
INVESTMENTS, at cost				
ACCOUNTS RECEIVABLE, net of allowance for uncollectibles of $4		93	26	27
INTERFUND RECEIVABLES				
INVENTORIES, at cost		70	347	
PREPAID EXPENSES	12			
TOTAL CURRENT ASSETS	4,145	2,443	2,032	390
OTHER ASSETS:				
INVESTMENTS, at cost				
DEFERRED CHARGES				
TOTAL OTHER ASSETS				
FIXED ASSETS:				
LAND, at cost				1,262
STRUCTURES AND IMPROVEMENTS, at cost				12,039
MACHINERY AND EQUIPMENT, at cost	16,281	14,895	1,683	28
LESS ACCUMULATED DEPRECIATION	(13,126)	(5,473)	(868)	(781)
TOTAL FIXED ASSETS	3,155	9,422	815	12,548
TOTAL ASSETS	$ 7,300	$ 11,865	$ 2,847	$ 12,938
LIABILITIES AND FUND EQUITY				
LIABILITIES:				
CURRENT LIABILITIES:				
WARRANTS PAYABLE	$ 132	$ 72	$ 75	$ 60
ACCOUNTS PAYABLE AND ACCRUALS:				
ACCOUNTS PAYABLE	473	416	89	76
ACCRUED PAYROLL AND RELATED DEDUCTIONS	149	19	35	11
INTERFUND PAYABLES (Note 2)	40	5	10	3
NOTES PAYABLE				
BONDS PAYABLE				
DEFERRED REVENUE				
TOTAL CURRENT LIABILITIES	794	512	209	150
LONG-TERM DEBT:				
BONDS PAYABLE (Note 3)				
CALL PREMIUMS PAYABLE				
TOTAL LONG-TERM DEBT				
TOTAL LIABILITIES	794	512	209	150
FUND EQUITY:				
CONTRIBUTED CAPITAL	4,888	10,461	1,613	12,811
RETAINED EARNINGS (DEFICIT)	1,618	892	1,025	(23)
TOTAL FUND EQUITY	6,506	11,353	2,638	12,788
TOTAL LIABILITIES AND FUND EQUITY	$ 7,300	$ 11,865	$ 2,847	$ 12,938

See accompanying Notes to the Financial Statements.

TENNESSEE STATE INDUSTRIES	INSTITUTIONAL FARMS	TENNESSEE STATE SCHOOL BOND AUTHORITY	OTHER	ELIMINATIONS	TOTALS JUNE 30, 1982	TOTALS JUNE 30, 1981
		$ 4,747	$ 296		$ 13,478	$ 16,772
		7,018			7,018	362
						58,050
$ 156	$ 15		2		319	417
	336		216	$ (552)		
5,160	1,032		77		6,686	3,762
			23		35	79
5,316	1,383	11,765	614	(552)	27,536	79,442
		52,339			52,339	52,260
		1,519			1,519	1,952
		53,858			53,858	54,212
					1,262	
					12,039	
1,377	1,526		264		36,054	31,538
(700)	(781)		(107)		(21,836)	(19,508)
677	745		157		27,519	12,030
$ 5,993	$ 2,128	$ 65,623	$ 771	$ (552)	$ 108,913	$ 145,684
$ 247	$ 31	$ 1	$ 64		$ 682	$ 967
1,830	115	9,396	32		12,427	4,826
38	18		10		280	249
562	5		3	$ (552)	76	70
						102
						58,005
		197			197	279
2,677	169	9,594	109	(552)	13,662	64,498
		52,985			52,985	52,985
		1,533			1,533	1,533
		54,518			54,518	54,518
2,677	169	64,112	109	(552)	68,180	119,016
3,785	907		340		34,805	21,683
(469)	1,052	1,511	322		5,928	4,985
3,316	1,959	1,511	662		40,733	26,668
$ 5,993	$ 2,128	$ 65,623	$ 771	$ (552)	$ 108,913	$ 145,684

STATE OF TENNESSEE
COMBINING STATEMENT OF REVENUES,
EXPENSES AND CHANGES IN FUND EQUITY
ALL INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 1982

(Expressed in Thousands)

	INFORMATION SYSTEM SERVICES	MOTOR VEHICLE MANAGEMENT	GENERAL SERVICES PRINTING	BUILDING MANAGEMENT
OPERATING REVENUES:				
CHARGES FOR SERVICES	$ 11,640	$ 6,670	$ 2,594	$ 1,104
INTEREST INCOME				
OTHER	59	7		
TOTAL OPERATING REVENUES	11,699	6,677	2,594	1,104
OPERATING EXPENSES:				
PERSONAL SERVICES	4,808	609	1,135	356
CONTRACTUAL SERVICES	963	130	138	914
MATERIALS AND SUPPLIES	397	3,852	843	31
RENTALS AND INSURANCE	4,117		165	55
INTEREST				
DEPRECIATION AND AMORTIZATION	1,060	1,949	214	266
OTHER	41	2	79	7
TOTAL OPERATING EXPENSES	11,386	6,542	2,574	1,629
OPERATING INCOME (LOSS)	313	135	20	(52[illegible])
OPERATING TRANSFERS FROM GENERAL FUND				502
NET INCOME (LOSS)/CHANGE IN RETAINED EARNINGS	313	135	20	(23)
OTHER CHANGES IN FUND EQUITY:				
CONTRIBUTED FIXED ASSETS		311		12,811
EQUITY TRANSFER FROM GENERAL FUND				
NET CHANGE IN FUND EQUITY	313	446	20	12,788
FUND EQUITY, JULY 1	6,193	10,907	2,618	
FUND EQUITY, JUNE 30	$ 6,506	$ 11,353	$ 2,638	$ 12,788

See accompanying Notes to the Financial Statements.

TENNESSEE STATE INDUSTRIES	INSTITUTIONAL FARMS	TENNESSEE STATE SCHOOL BOND AUTHORITY	OTHER	TOTALS FOR THE YEAR ENDED JUNE 30, 1982	JUNE 30, 1981
$ 5,108	$ 2,128		$ 2,216	$ 31,460	$ 29,348
		$ 7,075		7,075	5,848
21				87	25
5,129	2,128	7,075	2,216	38,622	35,221
1,220	584		547	9,259	8,335
645	281		289	3,360	2,405
3,241	1,497		1,353	11,214	11,562
6	16		1	4,360	4,042
		6,008		6,008	6,025
101	141	432	20	4,183	4,095
197	133		17	476	338
5,410	2,652	6,440	2,227	38,860	36,802
(281)	(524)	635	(11)	(238)	(1,581)
37	639		3	1,181	1,613
(244)	115	635	(8)	943	32
				13,122	875
					12
(244)	115	635	(8)	14,065	919
3,560	1,844	876	670	26,668	25,749
$ 3,316	$ 1,959	$ 1,511	$ 662	$ 40,733	$ 26,668

STATE OF TENNESSEE
COMBINING STATEMENT OF CHANGES IN FINANCIAL POSITION
ALL INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 1982

(Expressed in Thousands)

	INFORMATION SYSTEM SERVICES	MOTOR VEHICLE MANAGEMENT	GENERAL SERVICES PRINTING	BUILDING MANAGEMENT
SOURCES OF WORKING CAPITAL:				
OPERATIONS:				
NET INCOME (LOSS)	$ 313	$ 135	$ 20	$ (23)
ITEMS NOT REQUIRING WORKING CAPITAL - DEPRECIATION AND AMORTIZATION	1,060	1,949	214	266
WORKING CAPITAL PROVIDED BY OPERATIONS	1,373	2,084	234	243
DECREASE IN LONG-TERM INVESTMENTS				
DISPOSAL OF MACHINERY AND EQUIPMENT	19	469	68	
EQUITY TRANSFERS FROM GENERAL FUND				
TOTAL SOURCES OF WORKING CAPITAL	1,392	2,553	302	243
USES OF WORKING CAPITAL:				
ACQUISITION OF MACHINERY AND EQUIPMENT	2,070	4,379	170	3
PURCHASE OF LONG-TERM INVESTMENTS				
DECREASE IN LONG-TERM DEBT				
TOTAL USES OF WORKING CAPITAL	2,070	4,379	170	3
NET INCREASE (DECREASE) IN WORKING CAPITAL	$ (678)	$ (1,826)	$ 132	$ 240
ELEMENTS OF NET INCREASE (DECREASE) IN WORKING CAPITAL:				
CASH AND CASH EQUIVALENTS	$ (699)	$ (2,275)	$ 186	$ 363
CASH ON DEPOSIT WITH FISCAL AGENT				
INVESTMENTS				
ACCOUNTS RECEIVABLE, net of allowance for uncollectibles		35	(126)	27
INTERFUND RECEIVABLES				
INVENTORIES		6	(118)	
PREPAID EXPENSES	10			
WARRANTS PAYABLE	97	145	37	(60)
ACCOUNTS PAYABLE AND ACCRUALS	(84)	263	154	(87)
INTERFUND PAYABLES	(2)		(1)	(3)
NOTES PAYABLE				
BONDS PAYABLE				
DEFERRED REVENUE				
NET INCREASE (DECREASE) IN WORKING CAPITAL	$ (678)	$ (1,826)	$ 132	$ 240

See accompanying Notes to the Financial Statements.

TENNESSEE STATE INDUSTRIES	INSTITUTIONAL FARMS	TENNESSEE STATE SCHOOL BOND AUTHORITY	OTHER	ELIMINATIONS	TOTALS FOR THE YEAR ENDED JUNE 30, 1982	JUNE 30, 1981
$ (244)	$ 115	$ 635	$ (8)		$ 943	$ 32
101	141	432	20		4,183	4,095
(143)	256	1,067	12		5,126	4,127
						58,050
80	73				709	421
						12
(63)	329	1,067	12		5,835	62,610
27	80		98		6,827	3,138
		78			78	77
						60,339
27	80	78	98		6,905	63,554
$ (90)	$ 249	$ 989	$ (86)	$ -	$ (1,070)	$ (944)
$ (784)	$ (251)	$ 453	$ (287)		$ (3,294)	$ 3,304
		6,656			6,656	(1,239)
		(58,050)			(58,050)	58,050
(27)	(1)		(6)		(98)	172
	336		216	$ (552)		
3,107	(66)		(5)		2,924	(927)
(57)			3		(44)	2
(151)	119	99	(1)		285	(423)
(1,626)	10	(6,256)	(6)		(7,632)	(1,883)
(552)				552	(6)	(3)
	102				102	23
		58,005			58,005	(58,005)
		82			82	(15)
$ (90)	$ 249	$ 989	$ (86)	$ -	$ (1,070)	$ (944)

Trust And Agency Funds

The Trust and Agency Funds are used to account for assets held by the state in a fiduciary capacity. Trust funds include the Employee Group Insurance Fund, the Local Government Investment Fund, the Student Assistance Corporation Fund, the Board of Equalization Loan Fund and the Pension Trust Fund. The Local Government Fund and the Contingent Revenue Fund are agency funds.

Trust Funds:

Employee Group Insurance Fund - Established in January 1978, this fund is used to account for transactions pertaining to the state's self-insured group medical plan. Prior to 1978 medical insurance was provided by a private carrier. Group life and accident insurance premiums paid to a private insurance company are also recorded in this fund.

Local Government Investment Fund - This fund was created in July 1980 to account for local government deposits with the state treasurer and the related interest earnings. Through this program the participating local governments achieve higher investment income by pooling their funds with the treasurer than they could realize individually.

Student Assistance Corporation Fund - This fund is used to account for the operations of the Tennessee Student Assistance Corporation (TSAC), a nonprofit organization created to administer loan and grant programs to students attending higher education institutions. TSAC was established in 1974 to (1) guarantee loans made to eligible students, (2) administer state awards of financial assistance to eligible students, and (3) administer the nursing and medical loan scholarship programs.

Board of Equalization Loan Fund - This fund was created in 1963 to account for state loans to city and county governments for a program of assessment, reassessment or equalization of property taxes. In 1967 the program was expanded to enable grants also to be made for these purposes. Cash in the fund not needed for loans or grants may be transferred to other state activities by legislative act.

Pension Trust Fund - The Tennessee Consolidated Retirement System was established in July 1972 superseding seven former retirement systems. The accounts of each superseded system were transferred to the new system wherein separate accounting is maintained for assets and liabilities attributable to the various classes of members and beneficiaries. Benefits under the system are funded by contributions of members and employers. Effective July 1981 contributions of up to 5% of the earnable compensation of most classes of state employees, formerly paid by those employees, were assumed by the state pursuant to non-contributory legislation. The level of contributions is determined by actuarial valuation, the latest having been performed as of June 30, 1981. As of that date there were 141,725 active members and 35,885 retired members representing a 2.1% and 11.4% increase, respectively, since the previous actuarial valuation in 1979.

Agency Funds:

Local Government Fund - The purpose of the Local Government Fund is to serve as a clearing mechanism for state-shared taxes and other funds distributed to the various counties and cities of the state.

Contingent Revenue Fund - This fund is used to account for unearned federal revenues, refundable deposits and other receipts held in trust until the state has the right to transfer them to operating funds or until there is proper authorization to disburse them directly to others.

STATE OF TENNESSEE
COMBINING BALANCE SHEET
ALL TRUST AND AGENCY FUNDS
JUNE 30, 1982

(Expressed in Thousands)

ASSETS	EXPENDABLE TRUST		NONEXPENDABLE TRUST	
	EMPLOYEE GROUP INSURANCE	LOCAL GOVERNMENT INVESTMENT	STUDENT ASSISTANCE CORPORATION	BOARD OF EQUALIZATION LOAN
CASH AND CASH EQUIVALENTS	$ 15,580	$ 15,747	$ 5,831	$ 2,879
INVESTMENTS, at cost or amortized cost				
RECEIVABLES:				
INTEREST AND DIVIDENDS			162	
DUE FROM OTHER GOVERNMENTS			526	2,984
NOTES RECEIVABLE			1,942	
OTHER	1,647		246	
INTERFUND RECEIVABLES (Note 2)	1,549			
TOTAL ASSETS	$ 18,776	$ 15,747	$ 8,707	$ 5,863
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
WARRANTS PAYABLE	$ 1,338		$ 145	$ 100
ACCOUNTS PAYABLE AND ACCRUALS	1,514		45	37
MEMBERS DEPOSITS		$ 7,173		
INTERFUND PAYABLES (Note 2)		8,568	3	
AMOUNTS HELD IN CUSTODY FOR OTHERS				
OTHER			1,349	
TOTAL LIABILITIES	2,852	15,741	1,542	137
FUND BALANCES (DEFICIT):				
RESERVED FOR PENSION BENEFITS				
RESERVED FOR CLAIMS INCURRED BUT UNPAID	16,164			
RESERVED FOR GUARANTEED STUDENT LOANS			4,241	
RESERVED FOR ASSESSMENT EQUALIZATION AND REAPPRAISAL PROGRAM				3,571
UNRESERVED	(240)	6	2,924	2,155
TOTAL FUND BALANCES	15,924	6	7,165	5,726
TOTAL LIABILITIES AND FUND BALANCES	$ 18,776	$ 15,747	$ 8,707	$ 5,863

See accompanying Notes to the Financial Statements.

PENSION TRUST	AGENCY: LOCAL GOVERNMENT	AGENCY: CONTINGENT REVENUE	TOTALS: JUNE 30, 1982	TOTALS: JUNE 30, 1981
$ 18,552	$ 65,507	$ 52,734	$ 176,830	$ 225,856
2,464,006		25	2,464,031	1,974,586
46,463			46,625	33,027
7,565		16,245	27,320	26,822
			1,942	2,095
			1,893	1,539
3,658		5,117	10,324	10,778
$ 2,540,244	$ 65,507	$ 74,121	$ 2,728,965	$ 2,274,703
$ 1,160	$ 856	$ 2,749	$ 6,348	$ 17,077
1,949	64,651	37,041	105,237	110,409
			7,173	3,159
			8,571	3
76,900		34,331	111,231	35,592
			1,349	1,349
80,009	65,507	74,121	239,909	167,589
2,460,235			2,460,235	2,072,489
			16,164	12,900
			4,241	2,417
			3,571	4,508
			4,845	14,800
2,460,235			2,489,056	2,107,114
$ 2,540,244	$ 65,507	$ 74,121	$ 2,728,965	$ 2,274,703

STATE OF TENNESSEE
COMBINING STATEMENT OF REVENUES, EXPENDITURES/EXPENSES
AND CHANGES IN FUND BALANCES
ALL TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 1982

(Expressed in Thousands)

	EXPENDABLE TRUST		NONEXPENDABLE TRUST				
	EMPLOYEE GROUP INSURANCE	LOCAL GOVERNMENT INVESTMENT	STUDENT ASSISTANCE CORPORATION	BOARD OF EQUALIZATION LOAN	PENSION TRUST	TOTALS FOR THE YEAR ENDED JUNE 30, 1982	JUNE 30, 1981
REVENUES/OPERATING REVENUES:							
MEMBER CONTRIBUTIONS	$ 19,911				$ 54,073	$ 73,984	$ 114,786
STATE CONTRIBUTIONS	25,902				259,121	285,023	225,592
POLITICAL SUBDIVISION CONTRIBUTIONS					30,147	30,147	28,487
INTEREST INCOME	2,548	$ 993	$ 803	$ 63	147,227	151,634	126,202
DIVIDEND INCOME					26,980	26,980	22,607
NET INCOME FROM INVESTMENT TRANSACTIONS					45,872	45,872	16,740
FEDERAL			1,704			1,704	1,562
OTHER			1,300			1,300	469
TOTAL REVENUES/OPERATING REVENUES	48,361	993	3,807	63	563,420	616,644	536,445
EXPENDITURES/OPERATING EXPENSES:							
BENEFITS	46,184				139,377	185,561	162,320
REFUNDS					24,193	24,193	21,878
PAYMENTS TO TIAA-CREF					12,127	12,127	11,560
INSURANCE PREMIUMS	7,417					7,417	7,114
INTEREST ON DEPOSITS		958				958	177
GRANTS			6,441	1,406		7,847	6,564
LOAN CANCELLATIONS			129			129	209
ADMINISTRATIVE FEES	941	31	609			1,581	1,326
TOTAL EXPENDITURES/OPERATING EXPENSES	54,542	989	7,179	1,406	175,697	239,813	211,148
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES/OPERATING INCOME (LOSS)	(6,181)	4	(3,372)	(1,343)	387,723	376,831	325,297
OPERATING TRANSFER FROM GENERAL FUND			5,088			5,088	5,346
OPERATING TRANSFER FROM SPECIAL REVENUE FUND					23	23	29
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES/NET INCOME (LOSS)	(6,181)	4	1,716	(1,343)	387,746	381,942	330,672
FUND BALANCES, JULY 1	22,105	2	5,449	7,069	2,072,489	2,107,114	1,776,442
FUND BALANCES, JUNE 30	$ 15,924	$ 6	$ 7,165	$ 5,726	$2,460,235	$ 2,489,056	$ 2,107,114

STATE OF TENNESSEE
COMBINING STATEMENT OF CHANGES IN FINANCIAL POSITION
NONEXPENDABLE AND PENSION TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 1982

(Expressed in Thousands)

	NONEXPENDABLE TRUST				
	STUDENT ASSISTANCE CORPORATION	BOARD OF EQUALIZATION LOAN	PENSION TRUST	TOTALS FOR THE YEAR ENDED JUNE 30, 1982	JUNE 30, 1981
SOURCES OF WORKING CAPITAL:					
WORKING CAPITAL PROVIDED BY NET INCOME (LOSS) FROM OPERATIONS	$ 1,716	$ (1,343)	$ 387,746	$ 388,119	$ 327,571
NET INCREASE (DECREASE) IN WORKING CAPITAL	$ 1,716	$ (1,343)	$ 387,746	$ 388,119	$ 327,571
ELEMENTS OF NET CHANGES IN WORKING CAPITAL:					
CASH	$ 1,647	$ (687)	$ (67,204)	$ (66,244)	$ (34,211)
INVESTMENTS			489,420	489,420	372,565
RECEIVABLES	(6)	(547)	13,496	12,943	5,592
INTERFUND RECEIVABLES			(855)	(855)	347
WARRANTS PAYABLE	54	(72)	11,393	11,375	1,097
ACCOUNTS PAYABLE AND ACCRUALS	21	(37)	18,396	18,380	(17,375)
AMOUNTS HELD IN CUSTODY FOR OTHERS			(76,900)	(76,900)	
OTHER					(444)
NET INCREASE (DECREASE) IN WORKING CAPITAL	$ 1,716	$ (1,343)	$ 387,746	$ 388,119	$ 327,571

See accompanying Notes to the Financial Statements.

General Fixed Assets Account Group

The General Fixed Assets Account Group is maintained to account for fixed assets acquired for general governmental purposes. These include all fixed assets except those of the Enterprise, Internal Service and College and University Funds.

STATE OF TENNESSEE
STATEMENT OF GENERAL FIXED ASSETS BY FUNCTION AND ACTIVITY
JUNE 30, 1982

(Expressed in Thousands)

FUNCTION AND ACTIVITY	LAND	STRUCTURES AND IMPROVEMENTS	MACHINERY AND EQUIPMENT	TOTAL
GENERAL GOVERNMENT:				
LEGISLATIVE			$ 553	$ 553
CONSTITUTIONAL OFFICES			655	655
ADMINISTRATION	$ 7,827	$ 107,252	2,976	118,055
REVENUE	2	2,632	1,553	4,187
TOTAL GENERAL GOVERNMENT	7,829	109,884	5,737	123,450
EDUCATION	697	111,569	55,003	167,269
HEALTH AND SOCIAL SERVICES:				
VETERANS AFFAIRS			22	22
EMPLOYMENT SECURITY	587	2,996	2,050	5,633
MENTAL HEALTH AND MENTAL RETARDATION	1,815	127,408	24,292	153,515
PUBLIC HEALTH	150	19,430	6,854	26,434
HUMAN SERVICES	25	1,277	7,572	8,874
TOTAL HEALTH AND SOCIAL SERVICES	2,577	151,111	40,790	194,478
LAW, JUSTICE AND PUBLIC SAFETY:				
JUDICIAL		20	1,674	1,694
CORRECTION	2,117	104,818	6,727	113,662
MILITARY	242	30,506	944	31,692
BUREAU OF CRIMINAL INVESTIGATION		908	1,443	2,351
SAFETY	163	4,510	11,525	16,198
TOTAL LAW, JUSTICE AND PUBLIC SAFETY	2,522	140,762	22,313	165,597
RECREATION AND RESOURCES DEVELOPMENT:				
AGRICULTURE	189	5,239	689	6,117
TOURIST DEVELOPMENT			90	90
CONSERVATION	27,158	79,247	10,559	116,964
WILDLIFE RESOURCES	5,423	7,026	3,652	16,101
ECONOMIC AND COMMUNITY DEVELOPMENT			855	855
TOTAL RECREATION AND RESOURCES DEVELOPMENT	32,770	91,512	15,845	140,127
REGULATION OF BUSINESS AND PROFESSIONS:				
INSURANCE			274	274
BANKING			18	18
LABOR	1	60	404	465
TOTAL REGULATION OF BUSINESS AND PROFESSIONS	1	60	696	757
TRANSPORTATION	1,150	17,475	48,648	67,273
TOTALS ALLOCATED TO FUNCTIONS	**$ 47,546**	**$ 622,373**	**$ 189,032**	**$ 858,951**
CONSTRUCTION IN PROGRESS				**20,582**
TOTAL GENERAL FIXED ASSETS (Notes 1 and 2)				**$ 879,533**

See accompanying Notes to the Financial Statements.

STATE OF TENNESSEE
STATEMENT OF CHANGES IN GENERAL FIXED ASSETS
BY FUNCTION AND ACTIVITY
FOR THE YEAR ENDED JUNE 30, 1982

(Expressed in Thousands)

FUNCTION AND ACTIVITY	GENERAL FIXED ASSETS, JULY 1, 1981	ADDITIONS	RETIREMENTS	GENERAL FIXED ASSETS, JUNE 30, 1982
GENERAL GOVERNMENT:				
LEGISLATIVE	$ 1,469	$ 50	$ 966	$ 553
CONSTITUTIONAL OFFICES	380	439	164	655
ADMINISTRATION	121,130	4,874	7,949	118,055
REVENUE	4,155	387	355	4,187
TOTAL GENERAL GOVERNMENT	127,134	5,750	9,434	123,450
EDUCATION	162,967	6,364	2,062	167,269
HEALTH AND SOCIAL SERVICES:				
VETERANS AFFAIRS	25		3	22
EMPLOYMENT SECURITY	5,622	151	140	5,633
MENTAL HEALTH AND MENTAL RETARDATION	147,063	7,011	559	153,515
PUBLIC HEALTH	26,407	579	552	26,434
HUMAN SERVICES	8,201	1,331	658	8,874
TOTAL HEALTH AND SOCIAL SERVICES	187,318	9,072	1,912	194,478
LAW, JUSTICE AND PUBLIC SAFETY:				
JUDICIAL	1,461	296	63	1,694
CORRECTION	107,782	6,485	605	113,662
MILITARY	32,324	589	1,221	31,692
BUREAU OF CRIMINAL INVESTIGATION	2,313	64	26	2,351
SAFETY	14,216	3,616	1,634	16,198
TOTAL LAW, JUSTICE AND PUBLIC SAFETY	158,096	11,050	3,549	165,597
RECREATION AND RESOURCES DEVELOPMENT:				
AGRICULTURE	6,239	372	494	6,117
TOURIST DEVELOPMENT	98	3	11	90
CONSERVATION	112,904	5,026	966	116,964
WILDLIFE RESOURCES	13,434	2,741	74	16,101
ECONOMIC AND COMMUNITY DEVELOPMENT	817	53	15	855
TOTAL RECREATION AND RESOURCES DEVELOPMENT	133,492	8,195	1,560	140,127
REGULATION OF BUSINESS AND PROFESSIONS:				
INSURANCE	226	62	14	274
BANKING	18	1	1	18
LABOR	421	58	14	465
TOTAL REGULATION OF BUSINESS AND PROFESSIONS	665	121	29	757
TRANSPORTATION	62,198	6,440	1,365	67,273
CONSTRUCTION IN PROGRESS	25,379	24,109	28,906	20,582
TOTAL GENERAL FIXED ASSETS (Notes 1 and 2)	$ 857,249	$ 71,101	$ 48,817	$ 879,533

See accompanying Notes to the Financial Statements.

General Long-Term Debt Account Group

The General Long-Term Debt Account Group is maintained to account for the outstanding principal balances of the State's general obligation bonds.

STATE OF TENNESSEE
STATEMENT OF CHANGES IN GENERAL LONG-TERM DEBT
FOR THE YEAR ENDED JUNE 30, 1982

(Expressed in Thousands)

	BALANCE JULY 1, 1981	GENERAL OBLIGATION BONDS ISSUED	GENERAL OBLIGATION BONDS RETIRED	DEBT SERVICE FUND		BALANCE JUNE 30, 1982
				OPERATIONS	CAPITAL OUTLAY RESERVE	
AMOUNT AVAILABLE IN DEBT SERVICE FUND	$ 2,897			$ 561	$ (1,022)	$ 2,436
AMOUNT TO BE PROVIDED FOR RETIREMENT OF LONG-TERM DEBT	587,298	-	$ 51,125	(561)	1,022	536,634
TOTAL AVAILABLE AND TO BE PROVIDED	$ 590,195	-	$ 51,125	$ -	$ -	$ 539,070
GENERAL OBLIGATION DEBT PAYABLE (Note 3)	$ 590,195	-	$ 51,125	$ -	$ -	$ 539,070

See accompanying Notes to the Financial Statements.

College And University Funds

The College and University Funds are used to account for all transactions relating to public institutions of higher education. These include seven universities, ten community colleges and four technical institutes. These institutions maintain their own financial records which are not a part of the central accounting system operated by the Department of Finance and Administration.

Three governing boards are responsible for the operations of these institutions - the University of Tennessee Board of Trustees, the State Board of Regents and the State Board of Vocational Education. Coordination among these boards for such things as budgetary and capital outlay requests, the need for and location of new higher education institutions, and the approval of new academic and degree programs is provided by the Tennessee Higher Education Commission.

The University of Tennessee Board of Trustees - The University of Tennessee was first established in 1794 by the Legislature of the Federal Territory. Since that time it has grown into an institution of twenty-four different colleges and schools. The locations of its four primary campuses, various experimental stations and extension services have made the university state-wide in physical presence as well as in services. The main campus is located in Knoxville. The other primary campuses are located in Memphis, Martin and Chattanooga.

The State Board of Regents - The State University and Community College System of Tennessee was created by the General Assembly in 1972. Its member institutions (six universities and ten community colleges) serve the state and its citizenry by providing postsecondary education opportunities, research, continuing education and public activities. As a system, the institutions span the state and operate as a coordinated network of public higher education with each campus offering unique characteristics and services. The system consists of the following institutions:

UNIVERSITIES

Austin Peay State University	Clarksville
East Tennessee State University	Johnson City
Memphis State University	Memphis
Middle Tennessee State University	Murfreesboro
Tennessee State University	Nashville
Tennessee Technological University	Cookeville

COMMUNITY COLLEGES

Chattanooga State Technical Community College	Chattanooga
Cleveland State Community College	Cleveland
Columbia State Community College	Columbia
Dyersburg State Community College	Dyersburg
Jackson State Community College	Jackson
Motlow State Community College	Tullahoma
Roane State Community College	Harriman
Shelby State Community College	Memphis
Volunteer State Community College	Gallatin
Walters State Community College	Morristown

The community college movement is relatively new in Tennessee. Emerging from legislative study in the early 1960's, nine of the ten existing colleges were established by the General Assembly between 1965 and 1969. The locations of these institutions were determined by population need patterns. An act of the 1973 General Assembly changed the Chattanooga State Technical Institute to Chattanooga State Technical Community College, representing the 10th community college in the state. A broad range of two-year associate degree programs and one-to-two year certificate of proficiency programs is offered by each college.

The State Board of Vocational Education - The state technical institutions are governed by the State Board of Vocational Education. The state Department of Education provides necessary administrative support. The names and locations of the state technical institutes are:

Nashville State Technical Institute	Nashville
State Technical Institute at Knoxville	Knoxville
State Technical Institute at Memphis	Memphis
Tri-Cities State Technical Institute	Blountville

Various two-year associate degree programs are available at the technical institutes. In addition, special industrial and community service courses are offered as the demand arises from interested groups.

STATE OF TENNESSEE
COMBINING BALANCE SHEET
ALL COLLEGE AND UNIVERSITY FUNDS
JUNE 30, 1982

(Expressed in Thousands)

ASSETS	CURRENT	FIDUCIARY	PLANT	ELIMINATIONS	TOTALS JUNE 30, 1982	TOTALS JUNE 30, 1981
CASH AND CASH EQUIVALENTS	$122,279	$ 6,118	$ 22,818		$ 151,215	$ 148,091
CASH ON DEPOSIT WITH FISCAL AGENTS			16,726		16,726	17,309
INVESTMENTS	278	36,192	3,376		39,846	34,459
RECEIVABLES (Note 1)	58,778	40,695	412		99,885	99,887
INTERFUND RECEIVABLES (Note 2)	13,985	285	24,076	$ (33,940)	4,406	
INVENTORIES	16,146				16,146	16,009
LAND			48,288		48,288	47,572
STRUCTURES AND IMPROVEMENTS			881,988		881,988	830,162
MACHINERY AND EQUIPMENT (Note 1)			303,315		303,315	213,848
CONSTRUCTION IN PROGRESS			32,225		32,225	26,544
DEFERRED CHARGES AND OTHER	1,689	2,181	143		4,013	3,350
TOTAL ASSETS	$213,155	$ 85,471	$1,333,367	$ (33,940)	$ 1,598,053	$ 1,437,231
LIABILITIES AND FUND EQUITY						
LIABILITIES:						
ACCOUNTS PAYABLE AND ACCRUALS	$ 40,337	$ 516	$ 4,035		$ 44,888	$ 39,367
INTERFUND PAYABLES (Note 2)	38,880	565	152	$ (33,940)	5,657	6,508
NOTES PAYABLE (Note 3)		16	37,533		37,549	37,594
BONDS PAYABLE (Note 3)			172,924		172,924	177,623
OTHER	26,355	1,059			27,414	23,300
TOTAL LIABILITIES	105,572	2,156	214,644	(33,940)	288,432	284,392
FUND EQUITY (Note 2):						
INVESTMENT IN FIXED ASSETS			1,055,308		1,055,308	926,744
FUND BALANCES (Note 1):						
RESERVED FOR:						
RELATED ASSETS	54,989				54,989	52,673
ENCUMBRANCES AND CONTRACTS	6,205				6,205	7,267
OTHER SPECIFIC PURPOSES	25,510	80,349	27,072		132,931	121,549
UNRESERVED:						
DESIGNATED FOR TRUST PURPOSES		2,966			2,966	2,161
DESIGNATED FOR COLLEGES AND UNIVERSITIES	20,879		36,343		57,222	42,445
TOTAL FUND EQUITY	107,583	83,315	1,118,723		1,309,621	1,152,839
TOTAL LIABILITIES AND FUND EQUITY	$213,155	$ 85,471	$1,333,367	$ (33,940)	$ 1,598,053	$ 1,437,231

See accompanying Notes to the Financial Statements.

STATE OF TENNESSEE
COMBINING BALANCE SHEET
ALL COLLEGE AND UNIVERSITY CURRENT FUNDS
JUNE 30, 1982

(Expressed in Thousands)

ASSETS	UNRESTRICTED GENERAL	UNRESTRICTED AUXILIARY ENTERPRISES AND HOSPITALS	UNRESTRICTED TOTAL	RESTRICTED	TOTALS JUNE 30, 1982	TOTALS JUNE 30, 1981
CASH AND CASH EQUIVALENTS	$111,147	$ 9,853	$121,000	$ 1,279	$ 122,279	$ 100,839
INVESTMENTS, at cost				278	278	89
ACCOUNTS RECEIVABLE, net of allowance for uncollectibles of $3,700 in 1982 and $4,604 in 1981 (Note 1)	9,804	29,003	38,807	19,946	58,753	60,666
NOTES RECEIVABLE				25	25	10
INTERFUND RECEIVABLES (Note 2)	5,179	6,300	11,479	2,506	13,985	13,061
INVENTORIES, at cost	5,956	10,145	16,101	45	16,146	16,009
DEFERRED CHARGES	1,129	73	1,202		1,202	775
OTHER ASSETS	41		41	446	487	406
TOTAL ASSETS	$133,256	$ 55,374	$188,630	$ 24,525	$ 213,155	$ 191,855
LIABILITIES AND FUND BALANCES						
LIABILITIES:						
ACCOUNTS PAYABLE	$ 9,822	$ 11,930	$ 21,752	$ 953	$ 22,705	$ 19,679
ACCRUED LIABILITIES	17,286	331	17,617	15	17,632	16,366
INTERFUND PAYABLES (Note 2)	35,818	2,598	38,416	464	38,880	40,220
DEPOSITS AND ADVANCE PAYMENTS	1,094	766	1,860		1,860	1,584
DEFERRED REVENUE	14,076	6,852	20,928		20,928	17,474
OTHER	3,454	113	3,567		3,567	3,263
TOTAL LIABILITIES	81,550	22,590	104,140	1,432	105,572	98,586
FUND BALANCES (Note 1):						
ALLOCATED:						
NON-DISCRETIONARY:						
ALLOCATION FOR WORKING CAPITAL	15,844	39,145	54,989		54,989	52,673
ALLOCATION FOR ENCUMBRANCES	6,089	116	6,205		6,205	7,267
OTHER ALLOCATIONS	2,417		2,417	23,093	25,510	20,682
DISCRETIONARY	17,014	3,121	20,135		20,135	16,459
UNALLOCATED	10,342	(9,598)	744		744	(3,812)
TOTAL FUND BALANCES	51,706	32,784	84,490	23,093	107,583	93,269
TOTAL LIABILITIES AND FUND BALANCES	$133,256	$ 55,374	$188,630	$ 24,525	$ 213,155	$ 191,855

See accompanying Notes to the Financial Statements.

STATE OF TENNESSEE
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL COLLEGE AND UNIVERSITY CURRENT FUNDS
FOR THE YEAR ENDED JUNE 30, 1982

(Expressed in Thousands)

	UNRESTRICTED	RESTRICTED	TOTALS FOR THE YEAR ENDED JUNE 30, 1982	JUNE 30, 1981
REVENUES:				
TUITION AND FEES	$ 109,080		$ 109,080	$ 91,159
FEDERAL APPROPRIATIONS	16,184		16,184	15,191
STATE APPROPRIATIONS (Note 1)	279,604	$ 62,146	341,750	298,140
LOCAL APPROPRIATIONS	998		998	998
FEDERAL GRANTS AND CONTRACTS	7,086	68,624	75,710	77,645
STATE GRANTS AND CONTRACTS	481	8,698	9,179	32,239
LOCAL GRANTS AND CONTRACTS	2,222	1,634	3,856	4,631
PRIVATE GIFTS, GRANTS AND CONTRACTS	2,546	24,527	27,073	16,877
ENDOWMENT INCOME	50	2,398	2,448	2,092
SALES AND SERVICES OF EDUCATIONAL ACTIVITIES	17,552		17,552	17,088
SALES AND SERVICES OF AUXILIARY ENTERPRISES AND HOSPITALS	174,712	1,931	176,643	157,947
OTHER SOURCES	22,855	7	22,862	18,138
TOTAL REVENUES	633,370	169,965	803,335	732,145
EXPENDITURES:				
EDUCATIONAL AND GENERAL:				
INSTRUCTION	221,170	67,554	288,724	258,924
RESEARCH	15,997	34,809	50,806	55,254
PUBLIC SERVICE	23,013	18,715	41,728	41,795
ACADEMIC SUPPORT	46,377	9,979	56,356	52,459
STUDENT SERVICES	33,743	5,765	39,508	36,941
INSTITUTIONAL SUPPORT	50,588	9,108	59,696	55,322
OPERATION AND MAINTENANCE OF PLANT	54,346	5,395	59,741	54,257
SCHOLARSHIPS AND FELLOWSHIPS	4,764	16,705	21,469	13,185
AUXILIARY ENTERPRISES AND HOSPITALS	153,996	1,935	155,931	142,882
TOTAL EXPENDITURES	603,994	169,965	773,959	711,019
EXCESS OF REVENUES OVER EXPENDITURES	29,376		29,376	21,126
TRANSFERS AND OTHER ADDITIONS (DEDUCTIONS):				
MANDATORY TRANSFERS FOR:				
RESTRICTED CURRENT	(19)	19		
LOAN FUND MATCHING AND ENDOWMENTS	(173)	(95)	(268)	(335)
RENEWALS AND REPLACEMENTS	(26)		(26)	(32)
PRINCIPAL AND INTEREST	(7,876)		(7,876)	(8,268)
NON-MANDATORY TRANSFERS FOR PLANT FUNDS	(10,984)	(98)	(11,082)	(4,605)
TOTAL TRANSFERS	(19,078)	(174)	(19,252)	(13,240)
EXCESS OF RESTRICTED RECEIPTS OVER TRANSFERS TO REVENUES		13,395	13,395	12,402
INDIRECT COSTS RECOVERED		(8,431)	(8,431)	(9,764)
REFUNDS TO GRANTORS		(551)	(551)	(857)
MISCELLANEOUS	37	(260)	(223)	(8,222)
TOTAL TRANSFERS AND OTHER ADDITIONS (DEDUCTIONS)	(19,041)	3,979	(15,062)	(19,681)
NET INCREASE (DECREASE) IN FUND BALANCES	10,335	3,979	14,314	1,445
FUND BALANCES, JULY 1	74,155	19,114	93,269	91,824
FUND BALANCES, JUNE 30	$ 84,490	$ 23,093	$ 107,583	$ 93,269

See accompanying Notes to the Financial Statements.

STATE OF TENNESSEE
COMBINING BALANCE SHEET
ALL COLLEGE AND UNIVERSITY FIDUCIARY FUNDS
JUNE 30, 1982

(Expressed in Thousands)

ASSETS	LOAN	ENDOWMENT AND SIMILAR	AGENCY	TOTALS JUNE 30, 1982	TOTALS JUNE 30, 1981
CASH AND CASH EQUIVALENTS	$ 3,043	$ 2,402	$ 673	$ 6,118	$ 8,226
INVESTMENTS, at cost or amortized cost	95	36,097		36,192	31,870
ACCOUNTS RECEIVABLE	590	401	1,145	2,136	1,125
NOTES RECEIVABLE, net of allowance for uncollectibles of $4,133 in 1982 and $1,586 in 1981	37,318	1,241		38,559	36,733
INTERFUND RECEIVABLES	5	11	269	285	187
OTHER ASSETS	22	2,146	13	2,181	1,973
TOTAL ASSETS	$ 41,073	$ 42,298	$ 2,100	$ 85,471	$ 80,114
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
ACCOUNTS PAYABLE			$ 516	$ 516	$ 286
INTERFUND PAYABLES	$ 23	$ 17	525	565	823
NOTES PAYABLE (Note 3)		16		16	16
AMOUNTS HELD IN CUSTODY FOR OTHERS			1,059	1,059	979
TOTAL LIABILITIES	23	33	2,100	2,156	2,104
FUND BALANCES (Note 1):					
U. S. GOVERNMENT GRANTS REFUNDABLE	34,790			34,790	33,292
INSTITUTIONAL FUNDS - RESTRICTED	6,229			6,229	5,936
ENDOWMENT		27,460		27,460	25,481
TERM ENDOWMENT		45		45	6
LIFE INCOME		11,825		11,825	11,134
INSTITUTIONAL FUNDS - UNRESTRICTED	31			31	20
QUASI - ENDOWMENT		2,935		2,935	2,141
TOTAL FUND BALANCES	41,050	42,265		83,315	78,010
TOTAL LIABILITIES AND FUND BALANCES	$ 41,073	$ 42,298	$ 2,100	$ 85,471	$ 80,114

STATE OF TENNESSEE
COMBINING STATEMENT OF CHANGES IN FUND BALANCES
ALL COLLEGE AND UNIVERSITY FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 1982

(Expressed in Thousands)

	LOAN	ENDOWMENT AND SIMILAR	TOTALS FOR THE YEAR ENDED JUNE 30, 1982	TOTALS FOR THE YEAR ENDED JUNE 30, 1981
REVENUES AND OTHER ADDITIONS:				
FEDERAL GRANTS AND CONTRACTS	$ 1,629		$ 1,629	$ 3,040
STATE GRANTS AND CONTRACTS	28		28	
PRIVATE GIFTS AND GRANTS	81	$ 2,473	2,554	3,735
INVESTMENT AND INTEREST INCOME	894	1,395	2,289	2,476
OTHER ADDITIONS	146	270	416	109
TOTAL REVENUES AND OTHER ADDITIONS	2,778	4,138	6,916	9,360
EXPENDITURES AND OTHER DEDUCTIONS:				
ADMINISTRATIVE COSTS	237		237	302
LOAN CANCELLATIONS	786		786	1,592
REFUNDS TO GRANTORS	28		28	203
PAYMENTS TO BENEFICIARIES		738	738	768
OTHER DEDUCTIONS	176	27	203	1,479
TOTAL EXPENDITURES AND OTHER DEDUCTIONS	1,227	765	1,992	4,344
TRANSFER AMONG FUNDS - ADDITIONS	251	130	381	335
NET INCREASE IN FUND BALANCES	1,802	3,503	5,305	5,351
FUND BALANCES, JULY 1	39,248	38,762	78,010	72,659
FUND BALANCES, JUNE 30	$ 41,050	$ 42,265	$ 83,315	$ 78,010

See accompanying Notes to the Financial Statements.

STATE OF TENNESSEE
COMBINING BALANCE SHEET
ALL COLLEGE AND UNIVERSITY PLANT FUNDS
JUNE 30, 1982

(Expressed in Thousands)

ASSETS	UNEXPENDED	RENEWAL AND REPLACEMENTS	RETIREMENT OF INDEBTEDNESS	INVESTMENT IN PLANT	TOTALS JUNE 30, 1982	TOTALS JUNE 30, 1981
CASH AND CASH EQUIVALENTS	$ 12,306	$ 4,835	$ 5,677		$ 22,818	$ 39,026
CASH ON DEPOSIT WITH FISCAL AGENTS		1,054	15,672		16,726	17,309
INVESTMENTS, at cost or amortized cost	3,176		200		3,376	2,500
ACCOUNTS RECEIVABLE	306	22	84		412	1,353
INTERFUND RECEIVABLES	11,125	3,196	9,755		24,076	21,433
LAND, at cost				$ 48,288	48,288	47,572
BUILDING, at cost				835,083	835,083	787,410
IMPROVEMENTS OTHER THAN BUILDINGS, at cost				46,905	46,905	42,752
EQUIPMENT, at cost				178,325	178,325	169,216
LIBRARY BOOKS (Note 1)				122,771	122,771	42,690
LIVESTOCK, at market				2,219	2,219	1,942
CONSTRUCTION IN PROGRESS, at cost				32,225	32,225	26,544
OTHER ASSETS				143	143	196
TOTAL ASSETS	$ 26,913	$ 9,107	$ 31,388	$ 1,265,959	$ 1,333,367	$ 1,199,943
LIABILITIES AND FUND EQUITY						
LIABILITIES:						
ACCOUNTS PAYABLE	$ 3,907	$ 3	$ 1	$ 124	$ 4,035	$ 3,036
INTERFUND PAYABLES	75	7		70	152	146
NOTES PAYABLE (Note 3)				37,533	37,533	37,578
BONDS PAYABLE (Note 3)				172,924	172,924	177,623
TOTAL LIABILITIES	3,982	10	1	210,651	214,644	218,383
FUND EQUITY:						
NET INVESTMENT IN PLANT				1,055,308	1,055,308	926,744
FUND BALANCES (Note 1):						
RESTRICTED	6,244	3,553	17,275		27,072	25,018
UNRESTRICTED	16,687	5,544	14,112		36,343	29,798
TOTAL FUND EQUITY	22,931	9,097	31,387	1,055,308	1,118,723	981,560
TOTAL LIABILITIES AND FUND EQUITY	$ 26,913	$ 9,107	$ 31,388	$ 1,265,959	$ 1,333,367	$ 1,199,943

STATE OF TENNESSEE
COMBINING STATEMENT OF CHANGES IN FUND EQUITY
ALL COLLEGE AND UNIVERSITY PLANT FUNDS
FOR THE YEAR ENDED JUNE 30, 1982

(Expressed in Thousands)

	UNEXPENDED	RENEWAL AND REPLACEMENTS	RETIREMENT OF INDEBTEDNESS	INVESTMENT IN PLANT	ELIMINATIONS	TOTALS FOR THE YEAR ENDED JUNE 30, 1982	TOTALS FOR THE YEAR ENDED JUNE 30, 1981
REVENUES AND OTHER ADDITIONS:							
STUDENT DEBT SERVICE FEES			$ 4,299			$ 4,299	$ 4,356
FEDERAL GRANTS	$ 1,020		527			1,547	410
STATE APPROPRIATIONS AND CONTRACTS	45,212		737		$ (22,381)	23,568	38,473
PRIVATE GIFTS AND CONTRACTS	4,555	$ 83	379	$ 3,580		8,597	4,737
INTEREST INCOME	767	712	3,638			5,117	4,150
CAPITALIZED EXPENDITURES				87,335	(57,380)	29,955	25,501
RETIREMENT OF INDEBTEDNESS				4,561	(4,561)		
LIBRARY BOOK REVALUATION				58,590		58,590	
OTHER ADDITIONS	2,120	534	5	1,221		3,880	1,955
TOTAL REVENUES AND OTHER ADDITIONS	53,674	1,329	9,585	155,287	(84,322)	135,553	79,582
EXPENDITURES AND OTHER DEDUCTIONS:							
EXPENDED FOR PLANT FACILITIES	56,072	1,308			(57,380)		
RETIREMENT OF INDEBTEDNESS			4,561		(4,561)		
INTEREST PAYMENTS			11,212			11,212	10,949
DISPOSAL OF PLANT FACILITIES				4,128		4,128	14,698
NOTES ISSUED				22,381	(22,381)		
OTHER DEDUCTIONS	1,225	49	433	214		1,921	2,004
TOTAL EXPENDITURES AND OTHER DEDUCTIONS	57,297	1,357	16,206	26,723	(84,322)	17,261	27,651
TRANSFERS AMONG FUNDS - ADDITIONS	6,861	4,678	7,332			18,871	12,905
NET INCREASE IN FUND EQUITY	3,238	4,650	711	128,564		137,163	64,836
FUND EQUITY, JULY 1 (Note 2)	19,693	4,447	30,676	926,744		981,560	916,724
FUND EQUITY, JUNE 30	$ 22,931	$ 9,097	$ 31,387	$ 1,055,308	$ -	$ 1,118,723	$ 981,560

See accompanying Notes to the Financial Statements.

Statistical And Economic Data

The Statistical Data are presented to give report users a better historical perspective and assist in assessing current financial status and trends of the governmental unit. Economic Data are presented to allow a broader understanding of the economic and social environment in which State government operates.

TABLE I

STATE OF TENNESSEE
REVENUES BY SOURCE
ALL GOVERNMENTAL FUND TYPES
FOR THE LAST TEN FISCAL YEARS

(Expressed in Thousands)

SOURCE	FOR THE YEAR ENDED JUNE 30									
	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982
TAXES	$ 957,233	$1,050,651	$1,101,695	$1,222,295	$1,466,407	$1,687,041	$1,845,166	$1,891,741	$1,956,031	$2,152,618
LICENSES, FEES AND PERMITS	21,488	22,801	24,003	27,042	29,095	33,688	35,602	38,260	40,359	45,283
INTEREST ON INVESTMENTS	23,624	43,209	56,999	41,468	33,586	39,137	67,732	92,012	78,861	84,269
FEDERAL	474,057	451,860	567,473	785,195	804,226	859,534	955,234	1,150,746	1,259,554	1,090,474
DEPARTMENTAL SERVICES	86,083	84,203	102,630	114,423	131,167	139,126	140,296	170,570	182,219	196,198
OTHER	2,110	4,192	1,429	3,040	4,503	5,580	5,246	10,083	7,817	13,234
TOTAL REVENUES-ALL GOVERNMENTAL FUND TYPES	$1,564,595	$1,656,916	$1,854,229	$2,193,463	$2,468,984	$2,764,106	$3,049,276	$3,353,412	$3,524,841	$3,582,074

TABLE II

STATE OF TENNESSEE
EXPENDITURES BY FUNCTION
ALL GOVERNMENTAL FUND TYPES
FOR THE LAST TEN FISCAL YEARS

(Expressed in Thousands)

FUNCTION	FOR THE YEAR ENDED JUNE 30									
	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982
GENERAL GOVERNMENT	$ 53,242	$ 67,319	$ 83,033	$ 86,741	$ 141,814	$ 142,727	$ 134,539	$ 174,117	$ 179,184	$ 153,618
EDUCATION	565,137	632,205	738,277	782,838	856,288	968,360	1,117,499	1,230,510	1,283,647	1,323,960
HEALTH AND SOCIAL SERVICES	429,033	453,820	652,596	817,289	824,168	901,046	973,808	1,197,936	1,384,330	1,380,532
LAW, JUSTICE AND PUBLIC SAFETY	52,846	62,337	72,563	82,143	99,592	115,607	128,982	145,516	162,715	176,964
RECREATION AND RESOURCES DEVELOPMENT	27,855	33,765	38,763	39,662	44,994	53,427	56,941	64,538	68,366	71,031
REGULATION OF BUSINESS AND PROFESSIONS	4,941	6,536	7,255	7,920	9,900	11,786	12,722	13,808	14,245	15,330
TRANSPORTATION	236,181	263,445	315,726	386,838	329,844	311,769	392,202	479,599	447,850	429,587
DEBT SERVICE	41,243	40,747	47,037	56,518	76,566	80,748	80,873	78,104	80,774	85,487
CAPITAL OUTLAY	37,261	56,315	104,834	153,312	110,395	91,003	91,620	89,383	90,978	67,019
TOTAL EXPENDITURES-ALL GOVERNMENTAL FUND TYPES	$1,447,739	$1,616,489	$2,060,084	$2,412,961	$2,493,561	$2,676,473	$2,989,186	$3,473,511	$3,712,089	$3,703,528

TABLE III

STATE OF TENNESSEE
TAX REVENUES BY SOURCE
ALL GOVERNMENTAL FUND TYPES
FOR THE LAST TEN FISCAL YEARS

(Expressed in Thousands)

TAX REVENUES	FOR THE YEAR ENDED JUNE 30									
	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982
SALES AND USE	$ 370,905	$ 415,339	$ 440,671	$ 516,214	$ 690,079	$ 785,143	$ 886,515	$ 924,007	$ 981,106	$1,050,605
GASOLINE	84,402	88,008	88,110	92,302	96,153	99,101	103,003	94,167	90,511	115,756
MOTOR FUEL	12,328	13,633	12,669	14,363	16,271	18,104	20,005	19,646	20,516	36,923
GASOLINE INSPECTION	28,754	29,726	29,924	30,597	22,202	23,398	23,961	20,062	18,693	17,838
MOTOR VEHICLE REGISTRATION	68,508	73,503	73,440	77,906	85,809	84,301	89,894	90,761	89,785	105,635
INCOME	10,665	11,719	13,138	15,759	15,791	17,368	18,181	21,403	24,613	30,345
PRIVILEGE	13,504	14,331	12,895	17,099	21,218	25,385	28,407	28,473	28,291	26,445
GROSS RECEIPTS	20,329	24,396	30,056	37,820	38,463	66,581	71,616	77,051	89,032	99,242
ALCOHOLIC BEVERAGE	18,393	19,063	19,768	20,802	21,294	22,249	22,745	23,217	23,249	23,972
FRANCHISE	24,396	27,316	29,826	31,267	32,249	37,749	41,001	43,938	45,705	49,511
EXCISE	102,978	112,974	126,715	128,621	156,042	170,848	186,089	198,222	195,065	206,835
INHERITANCE AND ESTATE	31,488	29,611	27,538	30,683	41,247	57,588	37,493	28,307	26,674	28,639
TOBACCO	58,103	61,248	62,820	65,896	67,829	70,767	72,029	73,819	77,058	78,442
INSURANCE COMPANIES PREMIUM	28,624	31,816	34,483	37,657	43,525	50,033	55,444	60,006	62,143	63,927
UNEMPLOYMENT INSURANCE	69,326	80,971	80,417	84,826	95,678	133,589	164,964	161,844	153,900	193,053
OTHER	14,530	16,997	19,225	20,483	22,557	24,837	23,819	26,818	29,690	31,446
TOTAL TAX REVENUES-ALL GOVERNMENTAL FUND TYPES	$ 957,233	$1,050,651	$1,101,695	$1,222,295	$1,466,407	$1,687,041	$1,845,166	$1,891,741	$1,956,031	$2,152,616

STATE OF TENNESSEE
DESCRIPTION OF TAX SOURCES
ALL GOVERNMENTAL FUND TYPES
JUNE 30, 1982

Presented below is a brief description of the state's principal tax sources as shown in the preceding table. Since portions of some of these taxes are ultimately distributed to local governments, the preceding table reflects only those tax collections retained for state purposes.

SALES AND USE TAX - The retail sales and use tax, imposed in 1947, has become the state's leading source of revenue. From enactment until 1955, the general sales tax rate was 2%. In 1955 the rate became 3% and was temporarily changed to 3.5% in 1971. Effective April 1, 1976 the rate was again temporarily raised to 4.5%. These temporary rate increases have been extended through June 30, 1983. The tax is applied to the sale, use, consumption, distribution, lease or rental of tangible personal property. Certain services, including charges for transient accommodations, storage and parking, and telephone service for regular subscribers are also subject to sales tax. Utilities and anti-pollution equipment are taxed at rates ranging from 1% to 1.5%. Political subdivisions, governmental agencies, charitable and religious groups, non-profit organizations and certain items of tangible personal property including drugs are exempt.

GASOLINE TAX - The gasoline tax was first enacted in 1923. The tax is levied at the rate of 9¢ on each gallon of gasoline or distillate refined, manufactured, sold, stored or distributed in Tennessee, as well as gasoline or distillate imported into the state. Refunds are granted on gasoline used for agricultural purposes, while political subdivisions and governmental agencies are exempt.

MOTOR FUEL TAX - The motor fuel tax was enacted in 1941. The tax is imposed at the rate of 12¢ per gallon on the sale of diesel fuel and 8¢ per gallon on liquified petroleum gas used to propel vehicles on the public highways. Exemptions applicable to the gasoline tax are also generally applicable to the motor fuel tax.

GASOLINE INSPECTION FEE - The gasoline inspection fee was first enacted in 1899 for the purpose of assuring that gasoline and oil sold in the state met certain minimum standards. Currently, the rate is 1¢ per gallon on volatile substances having certain gravity level which are produced from petroleum, natural gas, oil shales or coal.

MOTOR VEHICLE REGISTRATION FEES - Since 1905 a fee has been charged for the registration of all motor vehicles. Vehicles for personal use are charged $17.75. The fee for motorcycles is $8.75. Motor freight vehicles are charged fees ranging from $37.50 to $1,300.

INCOME TAX - Although Tennessee does not levy a general personal income tax, income derived from dividends and interest on stocks and bonds has been subject to tax since 1929. The tax rate is 6% on dividends from stocks and interest on bonds, except that the rate is only 4% on dividends from companies having more than 75% of their corporate property within the state. Blind persons, pension trusts, profit-sharing trusts and qualifying persons 65 years of age or older are exempt from the tax.

PRIVILEGE TAX - The first state privilege tax in Tennessee was levied in 1799. During the ensuing 150 years, 132 business activities were made subject to the tax. Virtually all of these business-related privilege taxes were abolished in 1971 and re-enacted as part of other taxes. Currently, the privilege tax base is provided from litigation taxes, realty transfer and mortgage taxes.

GROSS RECEIPTS TAXES - There have been numerous additions, deletions and alterations in the group of taxable privileges comprising the gross receipts tax since it was first imposed in 1937. Currently, the tax covers bottlers, mixing bars, utilities, theaters, firearms and vending machines. TVA payments "in lieu of taxes" based on power sales in Tennessee make up 70% of collections.

ALCOHOLIC BEVERAGE TAX - The alcoholic beverage tax was enacted in 1939, authorizing the sale of alcoholic beverages in counties and municipalities in Tennessee if approved by local referendum. It provided for a system of state licensing fees and established a gallonage tax on wines and liquors sold in the state. Currently, the tax is levied at the rate of $4.00 per gallon on distilled spirits and $1.10 per gallon on wines, with additional fees for regulatory purposes and for the issuance of licenses and permits.

FRANCHISE TAX - The franchise tax, first collected in 1937, imposes an annual tax for the privilege of engaging in corporate form in the state. The tax is levied at the rate of $1.50 per $1,000 of corporate stock, surplus and undivided profits of domestic and foreign corporations operating in Tennessee.

EXCISE TAX - The excise tax originated in 1923 and has always been a major revenue source. The tax is presently applied at the rate of 6% of annual net earnings from business done in Tennessee by all corporations, co-operatives conducted for profit, joint stock associations, business trusts, state banks, national banks and savings and loan associations. Formulas are used for determining the appropriate tax for corporations doing business in Tennessee as well as other states.

INHERITANCE, ESTATE AND GIFT TAXES - The inheritance tax was first enacted in 1891. Originally the tax was applicable only to property going to collateral heirs, but was extended to direct heirs in 1909. The rate and base are divided into two different classes and apply to all property, real and personal, with certain exemptions applicable to each class. During the 1978 session of the General Assembly extensive changes were made in the inheritance, estate and gift tax statutes (Chapter 731, Public Acts, 1978). These changes have resulted in substantial decreases in collections.

TOBACCO TAXES - Tobacco taxes were first levied in 1925. The present tax equates to 13¢ per pack of 20 cigarettes and 6% of the wholesale cost for all other tobacco products.

INSURANCE COMPANY PREMIUM TAX - This tax, first enacted in 1945, is applied to gross premiums paid by or for policyholders residing in this state or on property located in the state. The rate is 1.75% for domestic life insurance companies and 2% for all others.

UNEMPLOYMENT INSURANCE TAX - With the enactment of the Employment Security Law of 1947, employers in the state began paying contributions to be used for the payment of unemployment benefits to qualified persons. The base rate of contributions is 2.7% of taxable wages paid by employers subject to the provisions of the law. The actual rate of contributions may vary, however, from .3% to 4% depending on the employer's experience rating. Effective July 1, 1982, the actual rate of contributions may vary from .15% to 7% depending on the unemployment compensation trust fund balance and the employer's experience rating. Certain non-profit governmental employers are eligible to make payments in lieu of regular contributions.

TABLE IV

STATE OF TENNESSEE
RATIO OF NET GENERAL LONG-TERM DEBT TO
ASSESSED VALUE AND NET DEBT PER CAPITA
FOR THE LAST TEN YEARS

(Expressed in Thousands except Ratio and Per Capita Data)

FOR THE YEAR ENDED JUNE 30	POPULATION	ASSESSED VALUE	GENERAL LONG-TERM DEBT			NET GENERAL LONG-TERM DEBT	
			TOTAL (NOTE)	LESS DEBT SERVICE FUND	NET	RATIO TO ASSESSED VALUE	PER CAPITA
1973	4,138	$ 9,185,800	$372,090	$ 2,747	$369,343	4.02%	$ 89.26
1974	4,202	9,978,200	407,780	2,001	405,779	4.07	96.57
1975	4,261	10,883,800	529,470	607	528,863	4.86	124.12
1976	4,329	11,380,700	642,960	1,115	641,845	5.64	148.27
1977	4,402	11,904,000	639,750	3,805	635,945	5.34	144.47
1978	4,462	12,739,400	698,940	1,800	697,140	5.47	156.24
1979	4,533	13,591,900	650,730	2,461	648,269	4.77	143.01
1980	4,602	16,647,800	603,020	2,821	600,199	3.61	130.42
1981	4,648	17,350,600	590,195	2,897	587,298	3.38	126.35
1982	4,711	16,000,000 (EST.)	539,070	2,436	536,634	2.98	113.91

NOTE: Total General Long-Term Debt does not include Local Environmental Loan Fund General Obligation Notes and Bonds as follows:

YEAR	NOTES	BONDS
1973	$25,000	
1974	28,000	
1975	40,000	
1976	69,800	
1977	95,000	$52,095
1978	43,375	50,905
1979	65,000	49,650
1980	44,000	48,330
1981	49,490	79,995
1982		78,270

These obligations are reported as debt of that enterprise in the accompanying financial statements.

TABLE V

STATE OF TENNESSEE
COMPUTATION OF LEGAL DEBT SERVICE MARGIN
JUNE 30, 1982

(Expressed in Thousands)

LEGAL DEBT SERVICE LIMIT (1982 PLEDGED REVENUES OF $243,944 ÷ 150%)	$162,629
LESS - 1982 DEBT SERVICE REQUIRED ON ALL GENERAL LONG-TERM DEBT, INCLUDING LOCAL ENVIRONMENTAL LOAN FUND GENERAL OBLIGATION NOTES AND BONDS	(91,855)
LEGAL DEBT SERVICE MARGIN	$ 70,774

	PORTION PLEDGED	COLLECTIONS FOR FISCAL YEAR 1982			PLEDGED	
		ALL GOVERNMENTAL FUND TYPES	LOCAL GOVERNMENT FUND	TOTAL	PER CENT	AMOUNT
CALCULATION OF 1982 PLEDGED REVEUNES, AS ABOVE:						
GASOLINE TAX	5¢ of the 9¢ tax per gallon	$ 115,758	$ 85,411	$ 201,169	55.5%	$ 111,760
GASOLINE INSPECTION FEE	All	17,838	12,017	29,855	100.0	29,855
MOTOR VEHICLE REGISTRATION FEE	One-half	105,635		105,635	50.0	52,818
FRANCHISE TAX	All	49,511		49,511	100.0	$ 49,511
TOTALS		$ 288,742	$ 97,428	$ 386,170		$ 243,944

NOTE: Pledged revenues for the last five years are shown below:

FISCAL YEAR	PLEDGED REVENUES	PER CENT INCREASE (DECREASE)
1978	$238,213	4.2%
1979	249,640	4.8
1980	238,206	(4.6)
1981	233,580	(1.9)
1982	243,944	4.4

TABLE VI

STATE OF TENNESSEE
RATIO OF ANNUAL DEBT SERVICE FOR GENERAL
LONG-TERM DEBT TO TOTAL EXPENDITURES
ALL GOVERNMENTAL FUND TYPES
FOR THE LAST TEN FISCAL YEARS

(Expressed in Thousands except Ratio Data)

FOR THE YEAR ENDED JUNE 30	DEBT SERVICE	TOTAL EXPENDITURES	RATIO
1973	$41,243	$1,447,739	2.85%
1974	40,747	1,616,489	2.52
1975	47,037	2,060,084	2.28
1976	56,518	2,412,961	2.34
1977	76,566	2,493,561	3.07
1978	80,748	2,676,473	3.02
1979	80,873	2,989,186	2.71
1980	78,104	3,473,511	2.25
1981	80,774	3,712,089	2.18
1982	85,457	3,705,528	2.31

TABLE VII

STATE OF TENNESSEE
SCHEDULE OF REVENUE BOND COVERAGE
TENNESSEE HOUSING DEVELOPMENT AGENCY FUNDS
SINCE INCEPTION IN 1975

(Expressed in Thousands except Coverage)

FOR THE YEAR ENDED JUNE 30	DEDICATED REVENUES	RELATED EXPENSES	NET AVAILABLE FOR DEBT SERVICE	DEBT SERVICE REQUIREMENTS	COVERAGE (NOTE)
1975	$ 1,510	$ 39	$ 1,471	$ 1,279	1.15
1976	4,582	178	4,404	4,340	1.01
1977	7,893	278	7,615	7,233	1.05
1978	13,104	712	12,392	11,825	1.05
1979	24,339	928	23,411	20,177	1.16
1980	32,289	1,123	31,166	26,548	1.17
1981	42,335	1,478	40,857	38,609	1.06
1982	45,141	1,600	43,541	44,524	.98

NOTE: Under THDA's series bond resolutions, scheduled amounts of anticipated mortgage loan prepayments are used each year to pay a portion of maturing bond principal. Accordingly, in addition to the net revenue available for debt service shown above, THDA applied some $3.6 million in prepayments against fiscal year 1982's debt service requirements.

STATE OF TENNESSEE
SCHEDULE OF REVENUE BOND COVERAGE
COLLEGE AND UNIVERSITY FUNDS
FOR THE LAST TEN FISCAL YEARS

(Expressed in Thousands except Coverage)

		DEBT SERVICE REQUIREMENTS			
FOR THE YEAR ENDED JUNE 30	FEES AND CHARGES	TENNESSEE STATE SCHOOL BOND AUTHORITY	OTHER THAN AUTHORITY	TOTAL	COVERAGE
1973	$ 99,813	$ 7,648	$2,003	$ 9,651	10.3
1974	102,054	7,648	1,672	9,320	11.0
1975	115,347	7,648	1,683	9,331	12.4
1976	132,371	7,648	1,378	9,026	14.7
1977	144,728	12,769	1,297	14,066	10.3
1978	155,927	12,939	1,342	14,281	10.9
1979	174,513	13,109	1,261	14,370	12.1
1980	193,954	13,013	2,038	15,051	12.9
1981	229,638	13,014	1,451	14,465	15.9
1982	262,407	13,009	1,435	14,444	18.2

TABLE VIII

STATE OF TENNESSEE
DEBT SERVICE REQUIREMENTS TO MATURITY
GENERAL OBLIGATION BONDS
JUNE 30, 1982

(Expressed in Thousands)

FOR THE YEAR ENDED JUNE 30	GENERAL LONG-TERM DEBT			LOCAL ENVIRONMENTAL LOAN FUND DEBT		
	PRINCIPAL	INTEREST	TOTAL REQUIREMENTS	PRINCIPAL	INTEREST	TOTAL REQUIREMENTS
1983	$ 50,625	$ 25,937	$ 76,562	$ 2,065	$ 4,586	$ 6,651
1984	47,625	23,562	71,187	2,275	4,476	6,751
1985	45,125	21,306	66,431	2,390	4,354	6,744
1986	45,125	19,186	64,311	2,515	4,225	6,740
1987	45,125	17,071	62,196	2,655	4,089	6,744
1988	43,565	14,923	58,488	2,805	3,945	6,750
1989	40,815	12,841	53,656	2,975	3,792	6,767
1990	40,815	10,841	51,656	3,050	3,629	6,679
1991	38,165	8,923	47,088	3,195	3,461	6,656
1992	33,365	7,074	40,439	3,355	3,285	6,640
1993	26,955	5,543	32,498	3,550	3,100	6,650
1994	26,955	4,159	31,114	3,715	2,903	6,618
1995	23,955	2,861	26,816	3,900	2,695	6,595
1996	18,455	1,652	20,107	3,775	2,474	6,249
1997	6,655	778	7,433	3,015	2,256	5,271
1998	1,915	419	2,334	3,070	2,079	5,149
1999	1,915	282	2,197	3,270	1,896	5,166
2000	1,915	142	2,057	3,465	1,700	5,165
2001				3,335	1,490	4,825
2002				3,530	1,293	4,823
2003				3,120	1,082	4,202
2004				3,310	891	4,201
2005				3,195	688	3,883
2006				1,930	488	2,418
2007				1,090	361	1,451
2008				1,160	279	1,439
2009				1,235	192	1,427
2010				1,325	99	1,424
	$ 539,070	$ 177,500	$716,570	$ 78,270	$ 65,808	$144,078

TABLE IX

STATE OF TENNESSEE
DEBT SERVICE REQUIREMENTS TO MATURITY
REVENUE BONDS
JUNE 30, 1982

(Expressed in Thousands)

FOR THE YEAR ENDED JUNE 30	TENNESSEE HOUSING DEVELOPMENT AGENCY DEBT			COLLEGE AND UNIVERSITY DEBT (NOTE)		
	PRINCIPAL	INTEREST	TOTAL REQUIREMENTS	PRINCIPAL	INTEREST	TOTAL REQUIREMENTS
1983	$ 11,115	$ 37,957	$ 49,072	$ 4,583	$ 9,292	$ 13,875
1984	13,315	36,748	50,063	4,787	9,057	13,844
1985	14,640	35,994	50,634	5,060	8,811	13,871
1986	15,525	35,140	50,665	5,317	8,551	13,868
1987	16,470	34,196	50,666	5,859	7,672	13,531
1988	16,495	33,188	49,683	6,030	7,403	13,433
1989	16,615	32,141	48,756	6,313	7,122	13,435
1990	16,580	31,064	47,644	6,613	6,826	13,439
1991	16,805	29,955	46,760	6,895	6,519	13,414
1992	18,425	28,759	47,184	7,217	6,196	13,413
1993	18,690	27,483	46,173	7,389	5,855	13,244
1994	17,000	26,228	43,228	7,683	5,502	13,185
1995	16,440	25,016	41,456	8,036	5,130	13,166
1996	16,320	23,802	40,122	8,378	4,741	13,119
1997	16,415	22,566	38,981	8,475	4,332	12,807
1998	18,045	21,243	39,288	8,667	3,920	12,587
1999	17,915	19,843	37,758	9,012	3,479	12,492
2000	18,190	18,424	36,614	9,244	3,023	12,267
2001	18,120	16,992	35,112	7,335	2,548	9,883
2002	18,740	15,530	34,270	9,284	2,176	11,460
2003	18,800	14,032	32,832	6,774	1,709	8,483
2004	20,250	12,474	32,724	7,072	1,350	8,422
2005	18,145	10,939	29,084	7,354	975	8,329
2006	19,365	9,433	28,798	5,176	588	5,764
2007	18,050	7,927	25,977	1,917	316	2,233
2008	17,295	6,497	23,792	1,027	227	1,254
2009	14,540	5,184	19,724	1,072	174	1,246
2010	13,475	3,991	17,466	1,082	119	1,201
2011	11,550	2,890	14,440	1,143	61	1,204
2012	9,960	1,911	11,871			
2013	5,355	1,180	6,535			
2014	4,185	690	4,875			
2015	1,880	411	2,291			
2016	2,005	288	2,293			
2017	2,565	144	2,709			
2018	980	31	1,011			
	$ 510,260	$ 630,291	$ 1,140,551	$ 174,794	$ 123,674	$ 298,468

NOTE: College and University refunded debt totaling $51,115 has been replaced in the above table by refunding debt of $52,985, thereby giving effect to the crossover advance refunding which will be consummated in 1986.

TABLE X

STATE OF TENNESSEE
SUMMARY OF DEBT SERVICE REQUIREMENTS TO MATURITY
JUNE 30, 1982

(Expressed in Thousands)

FOR THE YEAR ENDED JUNE 30	GENERAL OBLIGATION BONDS		REVENUE BONDS		TOTAL REQUIREMENTS
	GENERAL LONG-TERM DEBT	LOCAL ENVIRONMENTAL LOAN FUND DEBT	TENNESSEE HOUSING DEVELOPMENT AGENCY DEBT	COLLEGE AND UNIVERSITY DEBT	
1983	$ 75,562	$ 6,651	$ 49,072	$ 13,875	$ 146,160
1984	71,187	6,751	50,063	13,844	141,845
1985	66,431	6,744	50,634	13,871	137,680
1986	64,311	6,740	50,665	13,868	135,584
1987	62,196	6,744	50,666	13,531	133,137
1988	58,488	6,750	49,683	13,433	128,354
1989	53,656	6,767	48,756	13,435	122,614
1990	51,656	6,679	47,644	13,439	119,418
1991	47,088	6,656	46,760	13,414	113,918
1992	40,439	6,640	47,184	13,413	107,676
1993	32,498	6,650	46,173	13,244	98,565
1994	31,114	6,618	43,228	13,185	94,145
1995	26,816	6,595	41,456	13,166	88,033
1996	20,107	6,249	40,122	13,119	79,597
1997	7,433	5,271	38,981	12,807	64,492
1998	2,334	5,149	39,288	12,587	59,358
1999	2,197	5,166	37,758	12,491	57,612
2000	2,057	5,165	36,614	12,257	56,103
2001		4,825	35,112	9,883	49,820
2002		4,823	34,270	11,460	50,553
2003		4,202	32,832	8	45,517
2004		4,201	32,724	8,422	45,347
2005		3,883	29,084	8,329	41,296
2006		2,418	28,798	5,764	36,980
2007		1,451	25,977	2,233	29,661
2008		1,439	23,792	1,254	26,485
2009		1,427	19,724	1,246	22,397
2010		1,424	17,466	1,201	20,091
2011			14,440	1,204	15,644
2012			11,871		11,871
2013			6,535		6,535
2014			4,875		4,875
2015			2,291		2,291
2016			2,293		2,293
2017			2,709		2,709
2018			1,011		1,011
TOTALS	$ 716,570	$144,078	$1,140,551	$ 298,468	$ 2,299,667

TABLE XI

STATE OF TENNESSEE
STATEMENT OF OUTSTANDING DEBT
ALL FUND TYPES AND ACCOUNT GROUPS
FOR THE LAST FIVE FISCAL YEARS

(Expressed in Thousands)

	JUNE 30				
	1978	1979	1980	1981	1982
CAPITAL PROJECTS FUND -					
BOND ANTICIPATION NOTES					$ 146,300
ENTERPRISE FUNDS:					
LOCAL ENVIRONMENTAL LOAN NOTES	$ 43,375	$ 65,000	$ 44,000	$ 49,490	90,675
LOCAL ENVIRONMENTAL LOAN BONDS	50,905	49,650	48,330	79,995	78,270
TENNESSEE HOUSING DEVELOPMENT AGENCY NOTES	13,233	15,109	2,671	240	
TENNESSEE HOUSING DEVELOPMENT AGENCY BONDS	239,165	311,470	413,180	469,690	510,260
	346,678	441,229	508,181	599,415	679,205
INTERNAL SERVICE FUNDS:					
INFORMATION SYSTEM SERVICES NOTES	179				
INSTITUTIONAL FARMS NOTES		236	125	102	
TENNESSEE STATE SCHOOL BOND AUTHORITY NOTES		634			
TENNESSEE STATE SCHOOL BOND AUTHORITY BONDS	110,990	110,990	110,990	110,990	52,985
TENNESSEE STATE SCHOOL BOND AUTHORITY CALL PREMIUMS	3,867	3,867	3,867	1,533	1,533
	115,036	115,727	114,982	112,625	54,518
GENERAL LONG-TERM DEBT ACCOUNT GROUP - BONDS	698,940	650,730	603,020	590,195	539,070
COLLEGE AND UNIVERSITY FUNDS:					
ENDOWMENT FUND NOTES	48	48	32	16	16
PLANT FUND NOTES	784	1,913	16,705	37,578	37,533
PLANT FUND BONDS	193,226	186,352	181,804	177,623	172,924
	194,058	188,313	198,541	215,217	210,473
TOTALS	$ 1,354,712	$ 1,395,999	$ 1,424,724	$ 1,517,452	$ 1,629,566

STATE OF TENNESSEE
ECONOMIC CHARACTERISTICS*

TENNESSEE'S ECONOMIC GROWTH

Prior to 1982 Tennessee's economy over the previous decade, as indicated by the increase in gross state product (GSP), exceeded the growth in the national economy over the same period. The 1982 slowdown caused by the national recession, however, has produced a level growth rate for the 1973-1982 period—Tennessee's GSP as a percentage of gross national product increased only from 1.77% to 1.78%. The state's economy is expected to improve late in 1982, with a stronger rebound in 1983. From 1973 through 1982 Tennessee's personal income increased from 1.57% to 1.65% of the national total.

(Expressed in Millions)

YEAR	GROSS STATE PRODUCT	PERSONAL INCOME	DISPOSABLE PERSONAL INCOME
1973	$ 23,949	$ 17,011	$ 15,286
1974	26,076	18,792	16,814
1975	27,257	20,306	18,358
1976	30,695	22,676	20,449
1977	34,839	25,101	22,468
1978	39,338	28,502	25,518
1979	43,184	32,114	28,630
1980	45,870	35,525	31,620
1981	50,282	39,361	34,925
1982	54,697	43,281	38,413

	TENNESSEE GROSS STATE PRODUCT BY SECTOR (Expressed in Millions)			SECTOR AS PERCENTAGE OF 1982 TOTAL
	1972	1977	1982	
MANUFACTURING	$ 7,662	$12,663	$18,597	34.0%
CONSTRUCTION	912	1,379	2,000	3.7
MINING	149	336	782	1.4
TRADE	3,430	5,645	8,443	15.4
SERVICES	2,066	3,478	6,753	12.4
FINANCE, INSURANCE AND REAL ESTATE	2,461	4,088	6,361	11.6
TRANSPORTATION, COMMUNICATION AND PUBLIC UTILITIES	1,481	2,619	4,428	8.1
FEDERAL GOVERNMENT	898	1,493	2,480	4.5
STATE AND LOCAL GOVERNMENT	1,407	2,464	3,964	7.3
AGRICULTURE	537	674	889	1.6
TOTAL GROSS STATE PRODUCT	$21,003	$34,839	$54,697	100.0%

	TENNESSEE AVERAGE ANNUAL WAGE BY SECTOR			PERCENTAGE CHANGE (FROM 1972 TO 1982)
	1972	1977	1982	
MANUFACTURING	$ 7,179	$ 10,675	$ 16,438	129.0 %
CONSTRUCTION	7,408	10,563	17,313	133.7
MINING	8,256	12,585	23,027	178.9
TRADE	5,932	8,185	12,515	111.0
SERVICES	6,014	8,373	13,487	124.3
FINANCE, INSURANCE AND REAL ESTATE	7,560	10,673	16,817	122.4
TRANSPORTATION, COMMUNICATION AND PUBLIC UTILITIES	9,561	14,255	22,700	137.4
FEDERAL GOVERNMENT	11,132	16,113	24,072	116.2
STATE AND LOCAL GOVERNMENT	6,538	9,176	13,986	113.9
AGRICULTURE	2,171	3,628	5,551	155.7
ALL SECTORS	$ 6,872	$ 9,872	$ 15,345	123.3 %

*Except as otherwise noted, the source for all economic information presented is the Tennessee Econometric Model developed by the Center for Business and Economic Research, College of Business Administration, The University of Tennessee, Knoxville.

MANUFACTURING

Manufacturing is of significant importance in Tennessee's economy as it has provided much of the impetus for the state's economic growth record over the last decade. Tennessee continues to be attractive to a variety of manufacturers as evidenced by the $583 million in announced capital investment in 1981. The combined new plant and expansion projects announced are expected to create 12,932 new job opportunities. The tables which follow indicate the state's growth in manufacturing gross product, employment and industrial expansion.

TENNESSEE MANUFACTURING GROSS PRODUCT
(Expressed in Millions)

	1972	1977	1982	PERCENTAGE CHANGE (FROM 1972 TO 1982)
DURABLES:				
FURNITURE AND FIXTURES	$ 286	$ 381	$ 504	76.2 %
FABRICATED METALS	448	833	1,152	157.1
NONELECTRICAL MACHINERY	518	1,119	1,528	195.0
ELECTRICAL MACHINERY	692	954	1,458	110.7
TRANSPORTATION EQUIPMENT	380	687	879	131.3
OTHER	1,010	1,525	2,411	138.6
TOTAL DURABLES	3,334	5,499	7,932	137.9
NONDURABLES:				
FOOD	690	1,280	1987	188.0
TEXTILES	340	427	560	64.7
APPAREL	589	919	1,143	94.1
PAPER	361	618	1,106	206.4
CHEMICALS	1,396	2,276	3,370	141.4
RUBBER AND PLASTICS	414	681	972	134.8
OTHER	538	963	1,527	183.8
TOTAL NONDURABLES	4,328	7,164	10,665	146.4
TOTALS	$ 7,662	$ 12,663	$ 18,597	142.7 %

TENNESSEE MANUFACTURING EMPLOYMENT
(Expressed in Thousands)

	1972	1977	1982	PERCENTAGE CHANGE (FROM 1972 TO 1982)
DURABLES:				
FURNITURE AND FIXTURES	27.9	24.7	23.6	(15.4%)
FABRICATED METALS	31.2	32.3	31.6	1.3
NONELECTRICAL MACHINERY	27.5	34.1	34.7	26.2
ELECTRICAL MACHINERY	38.5	38.0	42.9	11.4
TRANSPORTATION EQUIPMENT	19.6	21.5	22.4	14.3
OTHER	67.7	72.2	70.1	3.5
TOTAL DURABLES	212.4	222.8	225.3	6.1
NONDURABLES:				
FOOD	36.6	40.6	39.4	7.7
TEXTILES	32.4	28.5	27.3	(15.7)
APPAREL	71.8	72.3	69.0	(3.9)
PAPER	16.6	16.6	20.3	22.3
CHEMICALS	55.6	57.3	56.7	2.0
RUBBER AND PLASTICS	15.5	20.6	21.6	39.4
OTHER	48.3	48.8	53.3	10.4
TOTAL NONDURABLES	276.8	284.7	287.6	3.9
TOTALS	489.2	507.5	512.9	4.8 %

INDUSTRIAL GROWTH IN TENNESSEE
NEW PLANTS AND EXPANSIONS

	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
NUMBER:										
NEW	149	182	105	94	97	141	104	90	80	70
EXPANSIONS	206	239	146	138	194	195	136	151	129	158
	355	421	251	232	291	336	240	241	209	228
INVESTMENT (IN THOUSANDS):										
NEW	$ 129,025	$ 278,937	$ 318,464	$ 160,463	$ 215,064	$ 177,555	$ 212,002	$ 238,945	$ 922,894	$ 119,147
EXPANSIONS	268,534	347,327	293,647	135,146	255,787	397,536	367,874	353,274	853,470	463,731
	$ 397,559	$ 626,264	$ 612,111	$ 295,609	$ 470,851	$ 575,091	$ 579,876	$ 592,219	$1,776,364	$ 582,878
JOB OPPORTUNITIES:										
NEW	16,114	22,834	9,212	6,203	7,967	9,542	7,674	5,942	7,294	3,679
EXPANSIONS	12,682	17,689	7,399	5,285	8,868	8,927	6,750	8,922	5,460	9,253
	28,796	40,523	16,611	11,488	16,835	18,469	14,424	14,864	12,754	12,932

FIFTY LARGEST INDUSTRIAL EMPLOYERS

(Ranked by Number of Employees)

	COMPANY	NUMBER OF PLANTS	NUMBER OF EMPLOYEES		COMPANY	NUMBER OF PLANTS	NUMBER OF EMPLOYEES
1.	UNION CARBIDE CORPORATION	8	13,059	26.	STANWOOD CORPORATION	5	2,732
2.	EASTMAN KODAK COMPANY	2	12,950	27.	U. S. INDUSTRIES, INC.	5	2,653
3.	E. I. DUPONT, DENEMOURS & CO.	5	8,122	28.	BEATRICE FOODS COMPANY	13	2,643
4.	LEVI STRAUSS, INC.	11	5,971	29.	AVCO CORPORATION	1	2,500
5.	ARCATA NATIONAL CORPORATION	3	5,100	30.	INTERNATIONAL HARVESTER CO.	1	2,500
6.	ALUSUISSE	6	5,008	31.	MURRAY-OHIO MFG. CO.	1	2,500
7.	NORTH AMERICAN PHILIPS CORP.	4	4,700	32	UNITED STATES SHOE CORP.	3	2,482
8.	ALUMINUM CO. OF AMERICA	3	4,590	33.	BLUE BELL INC.	8	2,466
9.	GENESCO, INC.	18	4,573	34.	AEOLIAN CORPORATION	3	2,400
10.	FIRESTONE TIRE AND RUBBER CO.	4	4,464	35.	JIM WALTER CORP.	4	2,152
11.	GULF & WESTERN INDUSTRIES, INC.	21	4,413	36.	FORD MOTOR COMPANY	1	2,123
12.	WASHINGTON MFG. CO.	16	4,369	37.	TRW, INC.	4	2,061
13.	ITT	7	4,027	38.	NEWSPAPER PRINTING CORP.	1	2,000
14.	UNITED TECHNOLOGIES CORP.	8	3,946	39.	ROBERTSHAW CONTROLS CO.	3	1,960
15.	SALANT CORPORATION	9	3,792	40.	GOULD, INC.	3	1,958
16.	COMBUSTION ENGINEERING, INC.	2	3,710	41.	SCHERING-PLOUGH CORP.	2	1,880
17.	AKZONA, INC.	3	3,643	42.	E. W. SCRIPPS CO.	2	1,850
18.	NORTHWEST INDUSTRIES, INC.	10	3,542	43.	DART INDUSTRIES, INC.	2	1,750
19.	BURLINGTON INDUSTRIES, INC.	5	3,381	44.	ASG INDUSTRIES, INC.	2	1,746
20.	BROWN GROUP, INC.	10	3,207	45.	SPERRY CORPORATION	1	1,700
21.	HENRY I. SIEGEL COMPANY, INC.	7	3,155	46.	THE TRANE COMPANY	1	1,700
22.	RAYTHEON COMPANY	3	3,000	47.	SCOVILL, INC.	2	1,639
23.	GOODYEAR TIRE AND RUBBER CO.	1	2,800	48.	MCKEE BAKING COMPANY	3	1,625
24.	KELLWOOD COMPANY	10	2,778	49.	COLT INDUSTRIES, INC.	1	1,600
25.	GENERAL ELECTRIC COMPANY	5	2,755	50.	EATON CORPORATION	4	1,515

SOURCE: Tennessee Department of Economic and Community Development.

AGRICULTURE

Important export commodities such as soybeans, tobacco, feed grains, cotton, and greenhouse and nursery products are among the top income earners for Tennessee farmers.

CASH RECEIPTS
(Expressed in Millions)

	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982
CROPS	$ 503.1	$ 555.8	$ 505.8	$ 601.1	$ 707.1	$ 724.3	$ 842.2	$ 852.5	$ 885.6	$ 928.0
MEAT ANIMALS	412.9	226.6	366.9	405.5	387.6	568.3	607.5	489.0	540.5	565.5
DAIRY PRODUCTS	133.3	156.1	168.8	193.8	206.3	214.7	244.1	287.3	308.6	335.8
POULTRY AND EGGS	94.1	76.2	75.4	81.1	90.9	90.0	102.7	108.4	119.8	129.0
TOTALS	$1,143.4	$1,014.7	$1,116.9	$1,281.5	$1,391.9	$1,597.3	$1,796.5	$1,737.2	$1,854.5	$1,958.6

POPULATION AND EMPLOYMENT TREND

The state's population has increased close to 1% per year with a shift in recent years to a net in-migration condition from one of a net out-migration.

(Expressed in Thousands except Unemployment Rates)

	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982
POPULATION	4,138	4,202	4,261	4,329	4,402	4,462	4,533	4,602	4,648	4,711
LABOR FORCE	1,752	1,820	1,809	1,832	1,900	1,916	1,979	1,989	2,065	2,101
TOTAL EMPLOYMENT	1,683	1,728	1,658	1,722	1,780	1,806	1,864	1,846	1,887	1,866
UNEMPLOYMENT	69	92	151	110	120	110	115	143	178	235
TENNESSEE UNEMPLOYMENT RATE	3.9%	5.1%	8.3%	6.0%	6.3%	5.7%	5.8%	7.2%	8.6%	11.2%
U. S. UNEMPLOYMENT RATE	4.9%	5.6%	8.5%	7.7%	7.0%	6.0%	5.8%	7.9%	7.7%	9.8%

BANK DEPOSITS, INTERNAL REVENUE COLLECTIONS, RETAIL SALES AND EFFECTIVE BUYING INCOME

YEAR	(Expressed in Millions) BANK DEPOSITS	INDIVIDUAL IRS COLLECTIONS	RETAIL SALES	(Expressed in Thousands) EFFECTIVE BUYING INCOME MEDIAN HOUSEHOLD
1972	$ 10,329	$ 1,471	$ 7,799	$ 6.9
1973	11,691	1,725	9,640	7.8
1974	12,287	1,979	10,797	9.7
1975	13,098	1,948	11,436	11.0
1976	14,249	2,226	12,748	11.6
1977	15,840	2,633	14,255	12.7
1978	17,141	2,984	15,712	13.4
1979	18,494	3,484	16,375	14.8
1980	19,798	3,905	17,516	15.8
1981	21,102	4,436	19,736	17.0

NEW PRIVATELY OWNED HOUSING UNITS AUTHORIZED IN PERMIT-ISSUING PLACES VALUATION OF BUILDING PERMITS ISSUED

(Expressed in Thousands)

YEAR	VALUATION	YEAR	VALUATION
1972	$ 590,800	1977	$ 642,700
1973	582,900	1978	805,200
1974	331,800	1979	728,600
1975	310,900	1980	610,800
1976	444,200	1981	392,000

SOURCES: The Tennessee Econometric Model, Tennessee Department of Employment Security Labor Force Summary, Sales Management's Survey of Buying Power and U. S. Bureau of the Census Construction Reports.

POPULATION, TAX BASE AND PERSONAL INCOME

(Expressed in Thousands)

YEAR	POPULATION	ASSESSED VALUE	APPRAISED/ ESTIMATED CURRENT VALUE (NOTE)	PERSONAL INCOME	PER CAPITA INCOME
1973	4,138	$ 9,185,800	$ 29,652,000	$17,011,000	$ 4.1
1974	4,202	9,978,200	31,755,700	18,792,000	4.5
1975	4,261	10,883,800	34,564,300	20,306,000	4.8
1976	4,329	11,380,700	36,232,800	22,676,000	5.3
1977	4,402	11,904,000	38,298,200	25,101,000	5.7
1978	4,462	12,739,400	40,260,500	28,502,000	6.4
1979	4,533	13,591,900	66,257,600	32,114,000	7.1
1980	4,602	16,647,800	72,767,700	35,525,000	7.8
1981	4,648	17,350,600	87,795,800	39,361,000	8.5
1982	4,711	18,000,000 (EST.)	106,000,000 (EST.)	43,281,000	9.2

NOTE: State Law now requires the State Board of Equalization to determine and report "estimated current property value" instead of the previously published "appraised value." Estimated current property value calculations, shown in the above table since 1978, produce substantially larger amounts as they attempt to reflect current property values in advance of completion of the ongoing total reappraisal program.

PUBLIC SCHOOL ENROLLMENT GRADES K-12

ACADEMIC YEAR	GRADES K-3	GRADES 4-6	GRADES 7-9	GRADES 10-12	TOTAL ALL GRADES
1972-73	259,163	230,705	232,321	188,224	910,413
1973-74	257,833	229,840	223,827	188,836	900,336
1974-75	261,738	227,519	225,269	182,780	897,306
1975-76	268,625	220,433	229,826	186,847	905,731
1976-77	277,579	210,359	234,306	186,042	908,286
1977-78	281,621	203,116	232,124	188,159	905,020
1978-79	280,357	202,414	224,585	190,173	897,529
1979-80	274,146	205,877	214,202	189,448	883,673
1980-81	268,985	214,658	210,485	192,554	886,682
1981-82	257,825	212,047	205,791	183,919	859,582

PUBLIC HIGHER EDUCATION INSTITUTIONS
FULL-TIME EQUATED FALL ENROLLMENT

	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
UNIVERSITIES:										
AUSTIN PEAY STATE	3,187	3,327	3,299	3,461	3,640	3,789	4,001	4,112	4,079	4,107
EAST TENNESSEE STATE	8,028	7,946	7,717	8,690	8,564	8,429	8,181	8,348	7,697	7,861
MEMPHIS STATE	15,157	15,345	16,095	16,669	15,939	15,836	15,683	15,495	15,195	15,007
MIDDLE TENNESSEE STATE	8,537	8,631	8,938	9,352	9,140	9,157	9,109	9,467	9,788	9,593
TENNESSEE STATE	4,418	4,033	4,347	4,633	4,943	4,525	4,889	6,473	6,588	6,091
TENNESSEE TECHNOLOGICAL	6,102	6,081	6,027	6,222	6,269	6,422	6,517	6,905	7,403	7,369
UNIVERSITY OF TENNESSEE:										
CHATTANOOGA	3,983	3,907	3,942	4,447	4,755	4,893	5,042	5,356	5,739	5,709
KNOXVILLE	23,339	23,631	24,754	26,407	25,997	26,412	25,371	25,725	25,662	24,402
MARTIN	4,723	4,702	4,708	4,854	4,874	4,665	4,652	4,828	5,005	5,153
NASHVILLE	1,763	2,179	2,528	2,544	2,586	2,558	2,418	*	*	*
TOTAL UNIVERSITIES	79,237	79,782	82,155	87,279	86,707	86,686	85,863	86,709	87,156	85,292
COMMUNITY COLLEGES:										
CHATTANOOGA STATE TECH.		788	1,373	2,327	2,349	2,413	2,633	2,997	3,108	3,205
CLEVELAND STATE	1,516	1,658	1,693	2,059	1,919	1,911	1,920	1,806	2,113	1,856
COLUMBIA STATE	1,007	903	970	1,218	1,150	1,166	1,248	1,311	1,451	1,353
DYERSBURG STATE	570	614	645	764	664	665	626	671	684	884
JACKSON STATE	1,034	1,082	1,125	1,478	1,459	1,438	1,522	1,686	1,686	1,633
MOTLOW STATE	651	738	709	815	870	974	1,067	1,124	1,262	1,224
ROANE STATE	578	729	997	1,527	1,637	1,662	1,751	1,799	2,139	2,216
SHELBY STATE	846	1,552	2,300	3,057	3,301	3,137	3,071	3,260	3,443	2,997
VOLUNTEER STATE	1,023	1,067	1,190	1,683	1,663	1,658	1,578	1,857	2,078	2,038
WALTERS STATE	939	1,130	1,250	1,949	1,768	1,797	1,875	2,102	2,286	2,116
TOTAL COMMUNITY COLLEGES	8,164	10,261	12,252	16,877	16,780	16,821	17,291	18,613	20,250	19,572
TOTAL ALL INSTITUTIONS	87,401	90,043	94,407	104,156	103,487	103,507	103,154	105,322	107,406	104,864

*Effective July 1, 1979 the Nashville campus of the University of Tennessee was merged with Tennessee State University.

SOURCES: The Tennessee Econometric Model, State Board of Equalization, Tennessee Department of Education and the Higher Education Commission.